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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/06/2007

SPONSOR Picraux LAST UPDATED 2/9/2007 HB 383/aHEC

SHORT TITLE UNM Geographic Alliance Program SB \_\_\_\_\_

ANALYST McOlash

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$500.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 217

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Energy, Minerals, & Natural Resources Department (EMNRD)

Public Education Department (PED)

Higher Education Department (HED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment establishes the purpose of HB 383 as “establishing and endowment,” not addressed in the original bill.

The amendment also clarifies that the New Mexico Geographic Alliance Program provides geographic education in public schools.

Finally, the amendment converts the appropriation from reverting to non-reverting to be more consistent with the concept of an endowment.

This bill, as amended, is a duplicate of SB 217a.

Synopsis of Original Bill

House Bill 383 appropriates \$500,000 from the General Fund to the Regents of UNM for expenditure in FY 2008 to fund the New Mexico Geographic Alliance (NMGA).

**FISCAL IMPLICATIONS**

The appropriation of \$500,000 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2008 shall revert to the General Fund.

The University of New Mexico confirms this request for \$500,000 is non-recurring and will be matched by National Geographic to establish an endowment for geographic education in New Mexico (UNM Legislative Priorities, 2007). The endowment will provide continuing funding for NMGA.

**SIGNIFICANT ISSUES**

According to UNM, the \$500,000 requested are non-recurring funds to be matched by the National Geographic Society Alliance to establish an endowment for geographic education in New Mexico. The endowment will provide continuing funding for NMGA. NMGA links professional geographers at colleges and universities with K-12 teachers throughout the state of New Mexico. The goal is to improve geography education at the K-12 level.

The New Mexico Geographic Alliance was formed in 1992 as a collaboration of the National Geographic Society and the University of New Mexico. The Alliance offers a variety of programs for teachers, parents, and school districts including:

- Alliance Summer Geography Institute
- Alliance Advanced Summer Geography Institute
- Curriculum Materials Development
- National Geographic Society Geographic Bee
- Geography for Life
- Geography Outreach
- In-Service Workshops
- Advanced Placement Geography
- Reading Through Geography
- Conferences
- Mentoring Induction

This request was submitted by UNM to HED for review, but is not included in the Department's funding recommendation for FY08.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 383 is a duplicate of SB 217.

## TECHNICAL ISSUES

The University of New Mexico and analyses of HB 383 mention an “endowment” that will provide continuing funding for this project. The bill, however, does not address the issues of an endowment. Section 21-1-38 outlines some of the procedures relating to endowment funds.

### **21-1-38. Definition; requirements for adoption of investment policy for investing endowment funds.**

A. As used in this section:

(1) "**endowment funds**" means funds:

(a) acquired by gift by an educational institution with respect to which the donors or other outside agencies have stipulated as a condition of the gift, and the stipulation is expressed specifically in the gift instrument, that the principal is to be maintained and invested for the purpose of producing current and future income that may either be added to the principal or expended, and the maintenance of the principal may be either: 1) held inviolate and in perpetuity; or 2) expended after the passage of a stated period of time or upon the happening of a specified event; and

(b) notwithstanding the source of acquisition, that the governing board of the educational institution has determined and has designated by a written instrument, either revocable or irrevocable, to be retained for long-term investment; and

(2) "educational institution" means an educational institution designated in Article 12, Section 11 of the constitution of New Mexico and any post-secondary educational institution, which term includes, but is not limited to, an academic, vocational, technical, business, professional or other school, college or university or other organization or person offering or purporting to offer courses, instruction, training or education through correspondence or in person, to any individual within this state over the compulsory school attendance age, if that post-secondary educational institution is directly supported in whole or in part by state or local taxation.

B. The board of finance, as that term is defined in Section 6-10-9 NMSA 1978, for each of the educational institutions:

(1) shall adopt regulations governing the investment of **endowment** funds by the institution's board of finance, which regulations shall provide at least for:

(a) the application of the investment standard of conduct described in Section 6-8-10 NMSA 1978 and the Uniform Management of Institutional Funds Act [46-9-1 NMSA 1978] as the standard for evaluating an investment;

(b) the appointment of an investment advisory committee made up of individuals having demonstrated experience and skill in the field of the investment of **endowment** funds; and

(c) the development of a comprehensive investment policy for the investment of **endowment** funds by the institution, with the advice and upon the recommendation of the investment committee; and

(2) may employ an institutional **endowment** funds investment manager and delegate to him the power to make purchases, sales exchanges, investments and reinvestments of **endowment** funds.