

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE NAME OF AN  
ENDOWMENT FUND; CLARIFYING THE APPROPRIATE USES OF MONEY IN  
THE FUND; MAKING DISBURSEMENTS FOR ENDOWMENT PURPOSES.

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

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

specified in this section.

D. Money in the higher education endowment fund is appropriated to the department to be disbursed for endowment purposes, including endowed chairs, lectureships, professorships, scholarships for students, graduate assistantships, faculty and development programs that will enhance the quality of public post-secondary education in New Mexico. The department, by rule, shall establish procedures for disbursing money from the fund. Not less than five percent of each institution's total endowment effort resulting from amounts specified in this section shall address one or more of the governor's initiatives.

E. Unless otherwise provided by law, until June 30, 2010, the following institutions shall be eligible for the following disbursements from the fund:

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

(2) five hundred thousand dollars (\$500,000)

each for New Mexico highlands university, eastern New Mexico university, western New Mexico university and northern New Mexico state school; provided that no disbursement shall be made pursuant to this paragraph until the institution has shown to the satisfaction of the department that it has received matching funds in an amount equal to at least forty percent of the disbursement; and

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

(a) the total amount shall be distributed pursuant to rules of distribution promulgated by the department that ensure each eligible institution an opportunity to receive an equitable share of the total amount to be distributed; and

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

F. Effective July 1, 2010, funds remaining in the higher education endowment fund may be matched by any public post-secondary educational institution in this section for the

purposes stated in this section in accordance with the rules established by the department.

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

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. TEMPORARY PROVISION--DISBURSEMENT OF APPROPRIATION.--The five million dollars (\$5,000,000) appropriated from the general fund to the faculty endowment fund in the General Appropriation Act of 2008 shall be disbursed in fiscal year 2009 and subsequent fiscal years pursuant to the provisions of Section 21-1-27.1 NMSA 1978 except that, in lieu of the disbursements in Subsection E of

that section, the appropriation shall be disbursed as follows:

A. one million dollars (\$1,000,000) each for the university of New Mexico, the university of New Mexico health sciences center, New Mexico state university and the New Mexico institute of mining and technology; provided that no disbursement shall be made pursuant to this subsection until the institution has shown to the satisfaction of the higher education department that it has received matching funds in an amount equal to at least fifty percent of the disbursement;

B. one hundred twenty-five thousand dollars (\$125,000) each for New Mexico highlands university, eastern New Mexico university, western New Mexico university and northern New Mexico state school; provided that no disbursement shall be made pursuant to this subsection until the institution has shown to the satisfaction of the higher education department that it has received matching funds in an amount equal to at least forty percent of the disbursement;

C. for the total endowments at the New Mexico military institute, community colleges, branch community colleges and technical and vocational institutes, five hundred thousand dollars (\$500,000), provided that:

(1) the total amount shall be distributed pursuant to rules of distribution promulgated by the higher education department that ensure each eligible institution an opportunity to receive an equitable share of the total amount

to be distributed; and

(2) no disbursement shall be made pursuant to this subsection until the institution has shown to the satisfaction of the higher education department that it has received matching funds in an amount equal to at least thirty percent of the disbursement; and

D. if a different amount is appropriated to the faculty endowment fund in the General Appropriation Act of 2008, then the disbursements provided for in this section shall be adjusted proportionately. \_\_\_\_\_