

AN ACT

RELATING TO HIGHER EDUCATION; CHANGING THE DISTRIBUTION OF THE  
HIGHER EDUCATION ENDOWMENT FUND.

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 and faculty 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. Appropriations to the higher education endowment fund shall be disbursed to public post-secondary educational institutions based on the following distribution proportions and matching requirements:

(1) the university of New Mexico shall be entitled to draw eighteen percent of each appropriation and New Mexico state university and the New Mexico institute of mining and technology shall each be entitled to draw sixteen percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until an 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) the university of New Mexico health

sciences center shall be entitled to draw twelve percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until the center 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;

(3) New Mexico highlands university, eastern New Mexico university, western New Mexico university and northern New Mexico college shall each draw an equal share of a total of eighteen percent of each appropriation; provided that no disbursement shall be made pursuant to this paragraph until an 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

(4) the New Mexico military institute, independent community colleges, branch community colleges and technical and vocational institutes may draw a share of a total of twenty percent of each appropriation using a distribution formula approved by the higher education department; provided that no disbursement shall be made pursuant to this paragraph until an 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.

endowment fund are made over a three-year cycle with unmatched balances reverting to the general fund at the end of the third fiscal year. The department shall notify each eligible institution of the specific amount it may match during the first two fiscal years of each three-year cycle. Allocations not matched during the first two years of each cycle are made available for supplemental or second round matching by other eligible public post-secondary educational institutions during the third fiscal year. Four-year public post-secondary educational institutions may apply for supplemental matches to amounts originally designated for other four-year institutions. Two-year public post-secondary educational institutions may apply for supplemental matches to amounts originally designated for other two-year institutions. Successful submissions for supplemental matches shall be determined by the department in a manner that affords equitable participation over time based on guidelines for supplemental distributions from the fund.

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. The department shall report annually 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. APPLICABILITY.--The provisions of Section 1 of this act apply to appropriations and distributions for fiscal year 2010 and subsequent fiscal years.

Section 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2009.