

LFC Requester:	LFC
-----------------------	-----

**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original Amendment
Correction Substitute

Date 2025-02-05
Bill No: SB280

Sponsor: Ezzell, Candy Spence **Agency Name and Code** NMHED
Short NMMI IN CAPITAL **Number:** _____
Title: OUTLAY ACT **Person Writing** Brown, Joe
Phone: 5056293051 **Email** Joe.Brown@hed.nm.g

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 280 (SB280) seeks to add the New Mexico Military Institute (NMMI) to the Public School Capital Outlay Act as one of the constitutional special schools. The bill adds NMMI to the definition of constitutional special schools.

The New Mexico Higher Education Department's (NMHED) analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

FISCAL IMPLICATIONS

SB280 does not include an appropriation, however, it does add NMMI to the Public School Capital Outlay Act. The Public School Facilities Authority is responsible for the management of the Public School Capital Outlay Act and they may have additional information to provide as it relates to fiscal implications.

SIGNIFICANT ISSUES

Section 21-1-26.10 Higher Education Department; plan for funding significant post-secondary educational infrastructure needs gives NMHED, in conjunction with the governing bodies of the post-secondary educational institutions and other state educational institutions confirmed in

Article 12, Section 11 of the Constitution of New Mexico, the authority to develop and approve a five-year plan for funding the infrastructure renovation and expansion projects designated by the department as the highest priority of significant needs. NMHED shall determine the projects and amounts to be funded, with a timetable for the projects and amounts to be funded each year over the five-year period, subject to review and comment by the educational institutions and subject to appropriations. NMHED has promulgated rules in order to outline the processes and requirements by which the department follows the statutory authority given by the Legislature. The specific rule associated with this statute is NMAC 5.3.9 Capital Budgets - Planning and Funding Recommendations. This rule specifies when the department may recommend capital outlay funding packages that have been developed by public post-secondary educational institutions operating within and receiving financial support from the State of New Mexico.

NMMI falls under this authority and all of their capital outlay requests come through NMHED capital outlay funding process each year. Over the last 6 years, NMHED has recommended over eight million dollars (\$8,000,000) in funding to support capital outlay projects on their campus.

The New Mexico School for the Blind and Visually Impaired as well as the New Mexico School for the Deaf, both of which are Special Schools, also come through NMHED capital outlay funding request process. These two schools are already included in the Public School Capital Outlay Act. The requests for funding from these two institutions to NMHED are typically for the match required by the Public School Facilities Authority. These two schools do not charge tuition nor do they have the opportunity to issue bonds to support their capital outlay projects. It is important to note that NMMI does charge tuition and they have the ability to generate revenues, which would require additional insight and detail on how this would affect how they are incorporated into the Public School Capital Outlay Act.

PERFORMANCE IMPLICATIONS

In 2020, NMHED implemented a new capital project evaluation process. This process incorporated expanded criteria and a formal scoring matrix which highlights project rationale and need, energy and sustainability, and stewardship. Projects are scored based on their specific effect on growth, retention and degree production; how they support workforce needs in the state; how they align with the goals of the institution; and whether a formal facility assessment has been done on campus to support the funding request. Additional scoring criteria includes how the cost estimates were developed, how the institution utilizes Building Renewal & Replacement funding, how the project will impact deferred maintenance, and whether the project incorporates energy and sustainability measures. This process was used in developing the recommendations for the 2025 Legislative Session.

NMHED's Capital Projects Division is utilizing a cloud-based software and data warehouse solution (Capital Funding Request and Management System) to receive, assess, score, and prioritize capital outlay funding requests from higher education institutions. This solution provides a framework that enables NMHED to develop a comprehensive and uniform method for assessing, planning, and recommending capital funding for higher education institutions (HEIs) annually to the New Mexico Department of Finance and Administration and the New Mexico Legislature annually. This system allows NMHED to develop a statewide capital improvement plan for HEIs

that includes improvement priorities that is developed and updated annually and that includes policy directives, funding time frames, estimated costs, and details of each proposed capital project.

Should this legislation be enacted, the existing process by which NMHED evaluates projects for NMMI as well as the process by which the Public School Facilities Authority evaluates projects may add additional burden on the institution.

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

ADMINISTRATIVE IMPLICATIONS

The inclusion of NMMI in the Public School Capital Outlay Act could change the methodology NMMI currently follows for consideration within NMHED's capital outlay process. It could be that the lower grade levels, 7-12, and facilities used by these groups would fall under the purview of the Public School Capital Outlay Council (PSCOC) regarding capital outlay funding requests. NMHED would then only consider the facilities utilized by the junior college cohort of the institution.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB280 was not enacted, NMMI would continue to request capital outlay funding through NMHED's capital outlay process as they have done for many years. They would not have access to the Public School Capital Outlay Fund.

AMENDMENTS

N/A

