

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** HB 481

**52nd Legislature, 1st Session, 2015**

**Tracking Number:** 200233.1

**Short Title:** Resident Tuition for Certain Students & Study

**Sponsor(s):** Representatives Nora Espinoza and Christine Trujillo and Others

**Analyst:** James Ball

**Date:** March 2, 2015

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**Bill Summary:**

HB 481 creates the *Entrepreneurial International Student Tuition Act* (EISTA), which allows:

- the University of New Mexico;
- New Mexico State University;
- Western New Mexico University;
- Eastern New Mexico University;
- New Mexico Highlands University; and
- the New Mexico Institute of Mining to:
  - grant nonresident tuition waivers to students who are not New Mexico residents who are enrolled in an undergraduate major course of study in:
    - science;
    - computer science;
    - health;
    - information technology;
    - engineering;
    - mathematics; or
    - business; and
  - determine eligibility for nonresident tuition based on:
    - a student's academic record;
    - residency in New Mexico while enrolled at a participating university; and
    - submission of a statement by eligible students indicating an interest in working or starting a business in New Mexico after graduation.

The EISTA in HB 481 limits the number of waivers to 5.0 percent of the full-time-equivalent undergraduate enrollment at each institution. Participating universities also must report to the Higher Education Department (HED) the:

- number of students who received the waivers;
- area of study for each eligible student;
- average of the grade point averages of students receiving waivers annually;
- average of the grade point averages of all students at the institution annually;

- graduation rate of students receiving the waivers annually; and
- the overall graduation rate of students annually.

HB 481 also provides that if HED receives funding for EISTA, the department shall allocate funds among the universities in proportion to the increase in enrollment of students eligible to receive waivers who are not citizens of the United States at each participating university for the previous year.

Finally, HB 481 requires that HED promulgate rules and participating universities adopt policies to implement the program. The bill becomes effective July 1, 2015.

**Fiscal Impact:**

HB 481 does not carry an appropriation.

**Fiscal Issues:**

According to HED, under the provisions of HB 481 there would be a potential loss of revenue for participating institutions. Nonresident students who do not have waivers pay out-of-state tuition rates. The differential between in-state and out-of-state tuition ranges from \$6,000 to \$7,000 per semester at the research universities and from \$2,000 to \$4,500 per semester at the other universities. If students are currently paying out-of-state tuition rates and they receive the tuition waiver permitted by HB 481, a university would lose the tuition differential. Universities, however, are allowed to set criteria for awarding the waivers. Therefore, all the potentially eligible students might not qualify.

HED further notes that HB 481 suggests that total international student enrollments could increase if this program were available, implying that revenue from additional students could possibly make up for the lost tuition if the enrollment growth was large enough. Institutions also receive funding for student credit hours and for degrees granted. Increased international enrollment and additional degrees could generate additional funding, although it might take several years for the enrollment to grow sufficiently and for these students to complete their programs.

It should be noted, however, that the language in EISTA is permissive. No university is required to participate in the program.

**Technical Issues:**

HED questions why Northern New Mexico University, which is also a four-year degree granting institution with undergraduate majors in the areas identified in SB 481, is not included among the participating institutions.

HED further indicates that the name of the EISTA implies that the act is intended to apply only to international students. However, the definition of eligible student in the act, “a student who is not a resident of New Mexico,” could include students from other states as well as those from other countries.

### **Substantive Issues:**

According to HED, studies have predicted that students graduating with science, technology, engineering, and math (STEM) degrees will not meet the need for STEM workers in this decade. Experts estimate that approximately 1.0 million additional STEM graduates will be needed to meet the workforce demand. In response to concerns about the “brain drain” of foreign national STEM graduates, the Obama administration promulgated rules in 2011 that created a pathway for foreign STEM graduates to convert student visas to a visa for temporary employment in critical need professions while an application for permanent residency is being processed. Various national organizations advocate that foreign STEM students should be retained in the American workforce rather than forced to return to their countries of origin as they are needed in the United States to meet the future workforce demands. Nonresident tuition waivers with conditions requiring work after graduation in the United States can enhance the number of STEM graduates in the domestic workforce.

However, HB 481 does not require that recipients work in the United States after graduation; rather, it requires only that “the eligible student *signs a statement indicating an interest in working or starting a business in New Mexico after graduation*” [emphasis added].

### **Background:**

HED states that international students in the academic majors referenced in HB 481 are in the United States under student visas. According to the U.S. Citizenship and Immigration Services, in April 2012, approximately 23,000 foreign nationals were enrolled under student visas in STEM courses at American colleges and universities.

HED reports that in fall 2014, counting just those nonresident students with undergraduate majors in the fields identified in HB 481 in New Mexico postsecondary institutions, there were:

- 673 nonresident undergraduate students without nonresident tuition waivers; and
- 2,364 students with nonresident tuition waivers.

### **Committee Referrals:**

HEC/HAFC

### **Related Bills:**

SB 387 *ENMU Science, Tech, Math & Health Degrees*  
HB 60 *NMSU Science, Tech & Math Outreach*