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## FISCAL IMPACT REPORT

**SPONSOR** Miera                      **DATE TYPED** 03/07/05                      **HB** 132/aHEC

**SHORT TITLE** Educational Assistance Foundation Loans                      **SB** \_\_\_\_\_

\_\_\_\_\_  
**ANALYST** Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	None				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
Commission on Higher Education

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment makes clarifying changes to conform the bill and Section 21-21A-11 NMSA 1978 to achieve the intent of the bill. One component of the new lending programs to be developed by the New Mexico Education Assistance Foundation (NMEAF) would be focused on alternative loans, specifically uninsured loans. The revenue stream from these loans would be pledged in the tax-exempt bond issuances of the NMEAF. NMEAF indicates the new program would be developed such that its current AAA bond rating would be maintained.

#### Synopsis of Original Bill

House Bill 132 expands the authority of the New Mexico Educational Assistance Act. The New Mexico Educational Assistance Foundation, also known as New Mexico Student Loans, may engage in loan service to any post-secondary institution approved by the foundation. Thus, student loans would be made to students attending out-of-state post-secondary institutions, to both New Mexico residents and non-New Mexico residents, as well as the in-state market. Further, the bill removes the requirement that educational loans serviced by the organization be insured.

Significant Issues

Currently, NMEAF is the agent for various in-state educational institutions and the private lending community. As an agent, NMEAF holds and disburses funds for the institutions to qualified students.

**FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

**POSSIBLE QUESTIONS**

1. How would the proposal impact revenues and expenses of the organization?
2. What are the potential risks of the proposal?
3. What would be the implications of default of an uninsured loan?
4. How many of the organization's counterparts in other states engage in these practices?
5. If net profits of the organization are projected to increase, how would those profits be used? How would these profits benefit New Mexico students?

**AW/njw:lg**