

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: *HB 91

50th Legislature, 1st Session, 2011

Tracking Number: .183593.1

Short Title: Transfer from Other Accounts to General Fund

Sponsor(s): Representative Luciano “Lucky” Varela and Others

Analyst: Ally Hudson

Date: February 3, 2011

Bill Summary:

HB 91 transfers a total of \$30,117,000 to the General Fund (GF) from other state funds or accounts for the purpose of meeting appropriations in FY 12 from the GF. Specifically:

- \$15,340,000 is transferred from the College Affordability Endowment Fund;
- \$4,800,000 is transferred from the Natural Resources Trustee Fund;
- \$2,500,000 is transferred from the Workers’ Compensation Retention Fund;
- \$2,000,000 is transferred from the Primary Care Capital Fund;
- \$1,500,000 is transferred from the Water and Wastewater Project Grant Fund;
- \$1,000,000 is transferred from the Insurance Department Suspense Fund;
- \$750,000 is transferred from the Trail Safety Fund;
- \$500,000 is transferred from the Public Works Apprentice and Training Fund;
- \$500,000 is transferred from the New Mexico Youth Conservation Corps Fund;
- \$349,000 is transferred from the Recycling and Illegal Dumping Fund;
- \$328,000 is transferred from the money received by the Department of Environment for purposes consistent with the *Water Quality Act*;
- \$300,000 is transferred from the Brain Injury Services Fund; and
- \$250,000 is transferred from the money received by the Department of Transportation from collected fees.

*HB 91 contains an emergency clause.

Fiscal Impact:

HB 91 does not contain an appropriation.

Fiscal Issues:

According to an analysis by the Higher Education Department (HED):

- current statute requires an annual transfer of \$2.0 million from the College Affordability Endowment Fund for scholarship awards;
- the *General Appropriation Act of 2010* requires a transfer of \$2,302,700 from the fund for other types of financial aid programs that, in the past, were supported by General Fund appropriations;

- since the fund's current balance is \$23,238,778, the \$15,340,000 transfer outlined in HB 91 would reduce the fund's balance to \$7.9 million; and
- assuming that the total annual transfer from the fund of \$4,302,700 continues in FY 12, the ending balance would be \$3.6 million and the fund would be depleted in FY 13.

Substantive Issues:

According to an analysis from HED, "the purpose of the College Affordability Endowment Fund is to encourage New Mexico students with financial need who do not qualify for other state grants or scholarships to attend and complete educational programs at a public New Mexico college or university." Additionally, the maximum award is \$1,000 per semester or \$2,000 per academic year, and is intended to help defray the cost of tuition, fees, books, and course supplies.

The requirements for the College Affordability Endowment Fund include:

- New Mexico residency;
- enrollment and attendance as an undergraduate student at a public postsecondary institution;
- demonstration of financial need based on money allocated to eligible postsecondary institutions, with the allocation based on a student need formula calculated according to income reported on the Free Application for Federal Student Aid and on the percentage of the institution's students classified as returning adults who are otherwise ineligible for state financial aid;
- an assurance that a student is not receiving other state grants or scholarships; and
- enrollment in at least six credit-hours.

HED's analysis further states that current statute provides for the College Affordability Endowment Fund "with a goal of \$250 million. However, the maximum amount in the fund was \$95 million in 2007. In early 2010, \$68 million was transferred into the state General Fund as a part of a budget 'solvency' measure."

Currently, HED's analysis states, College Affordability Grants provide approximately 1,000 low-income students with supplemental funds that reduce the student loan amount they may have otherwise borrowed. Moreover, the College Affordability Endowment Fund provides an opportunity for working students to work approximately one day less per week.

Finally, HED indicates that, since its inception in 2006, the fund has provided more than \$7.1 million to approximately 8,500 students.

Related Bills:

None as of February 2, 2011.