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| LFC Requester: | Connor Jorgensen |
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

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

Check all that apply:

Original **Amendment** _____
Correction _____ **Substitute** _____

Date 01/25/2024

Bill No: SB 159

Sponsor: Senator Campos
Short Title: Higher Education Trust Fund

Agency Name and Code: University of New Mexico-952
Number: _____
Person Writing: Lenaya Montoya
Phone: 5052771670 **Email:** lenayamontoya@unm.edu

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24 | FY25 | | |
| | N/A | N/A | N/A |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

- Senate Bill 159 creates an interest-earning “higher education trust fund” that would endow financial support for students in higher education. The fund would distribute 5 percent of the end-of-year balance per year to the “higher education program fund”, also created within SB 159. The revenue generated and distributed to the “higher education program fund” would help cover cost increases of the scholarship programs to offset increases in tuition and fees.

FISCAL IMPLICATIONS

If enacted, this SB 159 would help to continue the support provided by the state for scholarships

to pay for tuition and fees at state-funded higher education institutions. The actual amount of the fiscal impact at UNM is unknown at this time, as this largely will depend on the ability to sustain scholarship programs through the revenue generated from this fund in the state long-term, and the impacts that may have on enrollment and the ability for institutions to set tuition and fee rates that keep up with cost increases.

SIGNIFICANT ISSUES

Of potential concern is the long-term sustainability of this fund, particularly when factoring in both enrollment growth and tuition and fee rate increases that are needed in order to maintain purchasing power and keep up with costs that are not funded directly through state appropriations. It is unclear to what extent inflationary pressures and other cost escalations for university operations are accounted for in the modeling underlying the projected fund balances. For that reason, we would advocate that a reasonable growth rate for higher education institutions should be built into the model that doesn't discourage or otherwise preclude institutions from setting rates that meet the costs and needs of the institution.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS