

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/14
LAST UPDATED 02/12/14 **HB** _____

SPONSOR Papen & Roch

SHORT TITLE Resident Tuition for Some Undergrad Students **SB** 8/aSEC/aSFC

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 36

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 University of New Mexico Global Education Office (UNM)
 New Mexico State University (NMSU)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee’s amendment removed the bill’s appropriation.

Synopsis of SEC Amendment

The Senate Education Committee’s amendment revised the bill to allow nonresident United States citizens – rather than just international students – to qualify for resident tuition, and extends eligibility to individuals studying health. However, SEC’s amendment extending the program to nonresidents is inconsistent with its amendment to the distribution process to only consider a university’s increase of participating noncitizens rather than all participating students.

Synopsis of Bill

Senate Bill 8 provides reduced, in-state tuition and fee rates for non-United States citizens seeking a bachelor’s degree in science, computer science, information technology, engineering, mathematics, or business (the “eligible programs”) from UNM, NMSU, NM Highlands University, Eastern NM University, Western NM University, and NM Institute of Mining and Technology. Students are eligible for reduced tuition and fees if (1) a university determines the student merits the award, (2) the student resides in NM while enrolled, and (3) the student signs a

statement indicating an interest in working or starting a business in NM after graduation. The bill limits the number of waivers to five percent of the university's full-time-equivalent undergraduate enrollment for the previous year.

SB 8 appropriates \$5 million to HED to fund the bill's substantive provisions. This funding shall be distributed in proportion to the increase of eligible students at each participating university for the previous year. Universities must use all funds received under this program to enhance eligible programs.

FISCAL IMPLICATIONS

The bill's appropriation of \$5 million is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall revert.

SIGNIFICANT ISSUES

Generally, holders of student visas must obtain them with "non-immigrant intent." The bill's stipulation that "the eligible student signs a statement indicating an interest in working or starting a business in New Mexico after graduation" (page 3, line 4) is in direct conflict with this requirement. However, it should be noted that there is movement at the federal level to revise this requirement in a manner that may resolve this concern. Moreover, in response to concerns of "brain drain" of non-citizen graduates the federal Citizenship and Immigration Service initiated the Entrepreneurs in Residency program to assist non-citizens in identifying potential visa opportunities and pathways to permanent residency.

While this bill proposes to provide reduced tuition and fees to non-citizen students in eligible programs, there is no indication that these students will stay in New Mexico after graduating. The provision requiring participating students to state an interest in staying in state is not and cannot be binding. See "Alternatives" below.

ADMINISTRATIVE IMPLICATIONS

Participating universities would administer the program and shall adopt policies to implement the provisions of SB 8. Universities must also report the number of students receiving a waiver, their areas of study, and the average grade point average and graduation rates of all students and of participating students specifically. HED must promulgate rules to implement the program and maintain records. The department estimates a minimal impact related to administering and distributing these funds. NMSU analysis states that an academic support position may be necessary to monitor the program and manage reporting data, the cost of which would depend on salary and benefits.

RELATIONSHIP

Senate Bill 36 provides a tax credit to individuals and corporations employing graduates of New Mexico's higher education institutions.

ALTERNATIVES

According to UNM's analysis, which cites a 2012 report by the Institute of International Education, international students have a generally positive economic impact on New Mexico by spending approximately \$72.3 million annually regardless of entrepreneurial activity. In light of the significant impact of international students on the state economy, UNM states that SB 8 would likely still provide positive economic activity if the stipulation that students sign a

statement indicating interest in working or starting a business in New Mexico is removed. Additionally, removing this provision may resolve concerns regarding the “non-immigrant intent” requirement of student visas.

JA/jl:ds