

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](http://www.nmlegis.gov)) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Campos ORIGINAL DATE 2/13/18  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study Publicly Funded Community College SM 89

ANALYST Chilton

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	Minimal	Minimal	NFI	Minimal	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico State University (NMSU)

Central New Mexico Community College (CNM)

### SUMMARY

#### Synopsis of Memorial

Senate Memorial 89 asks the Higher Education Department (HED) to convene a task force to study the advisability of providing tuition-free or near-tuition-free education at community colleges for New Mexico students, including returning students and adult learners. It notes that two other states, Oregon and Tennessee, cover most tuition for community college students there, and that New Mexico's people and New Mexico's economy would each benefit from having more graduates from two-year colleges.

Task force members would include

- Community college presidents
- HED representatives
- Legislators
- Staff and other interested parties

### FISCAL IMPLICATIONS

HED would be responsible for gathering the task force and reporting its results.

## SIGNIFICANT ISSUES

The memorial's preamble points out that 51 percent of current jobs in New Mexico could be filled by a person with a certificate or an associate degree. New Mexico has continued to have an unemployment rate higher than the national average; currently, New Mexico's unemployment rate, according to the Bureau of Labor Statistics, is the second highest in the country, at 6.0 percent, while the rate for the entire country is 4.1 percent.

The Oregon Promise program referred to in the memorial now covers about two-thirds of new enrollees in two-year colleges in the state, having had financial problems; its current budget is \$40 million per year (<http://money.cnn.com/2017/08/22/pf/college/oregon-free-tuition-promise-scholarship/index.html>). According to collegestats.org, there are just over 120,000 New Mexicans enrolled in two-year colleges, including two-year branches of four-year institutions (such as UNM Gallup) and vocational schools. The total cost of educating those 120,000 New Mexicans is approximately \$706 million (see attachment 1).

CNM points out the following reasons for considering a program like Oregon Promise in New Mexico:

- Cost of tuition can be a deterrent for New Mexican students,
- New Mexico has one of the lowest educational attainments rates in the southwest United States,
- Low or no cost community college tuition would encourage higher enrollment, and,
- Other states have successfully implemented free community college programs.

As mentioned in SM89, several states and localities have recently implemented free community college programs. These programs, often referred to as “Promise” programs, are often designed to cover the tuition and fees all students meeting certain minimum requirements. SM89 seeks to form a task force to study many recently implemented and successful programs such as the Tennessee Promise/Reconnect, Oregon Promise, City College of San Francisco, and City University of New York tuition-free programs. Each of these programs has unique requirements and implementation factors that would help determine the feasibility of any potential free community college programs in New Mexico.

## TECHNICAL ISSUES

The task force would have to consider how to limit the program, including whether two-year branches of four year schools' or vocational schools' students would be included.

It would seem appropriate to include students, past and current, on the task force.

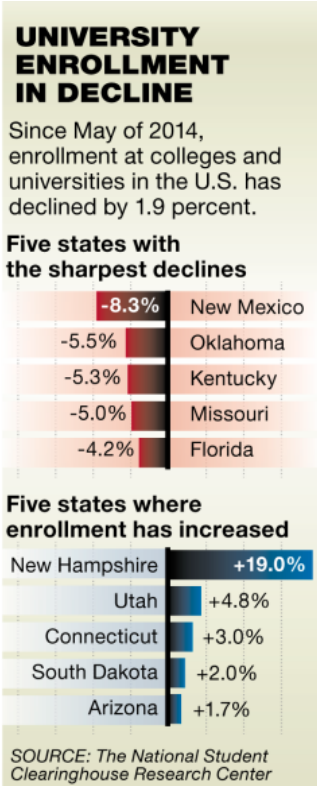
NMSU points out that other groups should also be considered as potential members of the task force:

The memorial instructs HED to include “other interested parties” to be a part of the task force. The following suggestions could be considered “other interested parties” however specifically including them could strengthen the memorial.

1. Experts on the state's fiscal ability ultimately to fund task force recommendations.
2. Business or economic development representatives to align the effort with long-term workforce plans.

## WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Current enrollment in universities and other higher education institutions in New Mexico has been falling for several years; without more scholarship support, the enrollment could continue to decrease. Rising college costs and concern over rising student debt have been blamed for much of the decline in enrollments.



LAC/al/jle

From Albuquerque Journal, May 17, 2015.