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## FISCAL IMPACT REPORT

SPONSOR Trujillo, L ORIGINAL DATE 1/24/19  
 LAST UPDATED \_\_\_\_\_ HB 313

SHORT TITLE Community College & Tech School Financial Aid SB \_\_\_\_\_

ANALYST Valenzuela

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$650.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Companion to College Affordability

Duplicates Appropriation in the General Appropriation Act  
 Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Bill 313 appropriates \$650 thousand from the general fund to Santa Fe Community College (SFCC) for the purpose of developing and implementing a promise scholarship pilot program. The initial pilot would start with a 100-student cohort. SFCC would be required to track students for two years after graduation to assess employment levels within the field of study or continuation of postsecondary education. SFCC would report on the program at the beginning and end of program.

### FISCAL IMPLICATIONS

The scholarship to college promise students would cover tuition, fees and instructional materials. “Promise” scholarships have been implemented in several states in recent years (e.g., Tennessee, Nevada, Maryland, Maine and others). Most are designed to provide “last dollar” support, i.e., support after all other non loan-based aid has been applied, for students who are attending a

community college for the first time. According to its FY19 operating budget, SFCC tuition and fees per semester is \$877.50. Based on the structure of the bill, the following costs would be eligible to be paid for with the promise scholarship:

	<u>Eligible Costs</u>
Tuition & Fees (semester):	\$ 877.50
Instructional Materials (estimate):	<u>\$ 550.00</u>
<b>Total Cost per student (semester)</b>	<b>\$ 1,427.50</b>
@ 100 students for two-year program <sup>1</sup> :	<b>\$571,000.00</b>

The appropriation of \$650 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund. Higher education institutions do not revert unexpended balances to the general fund.

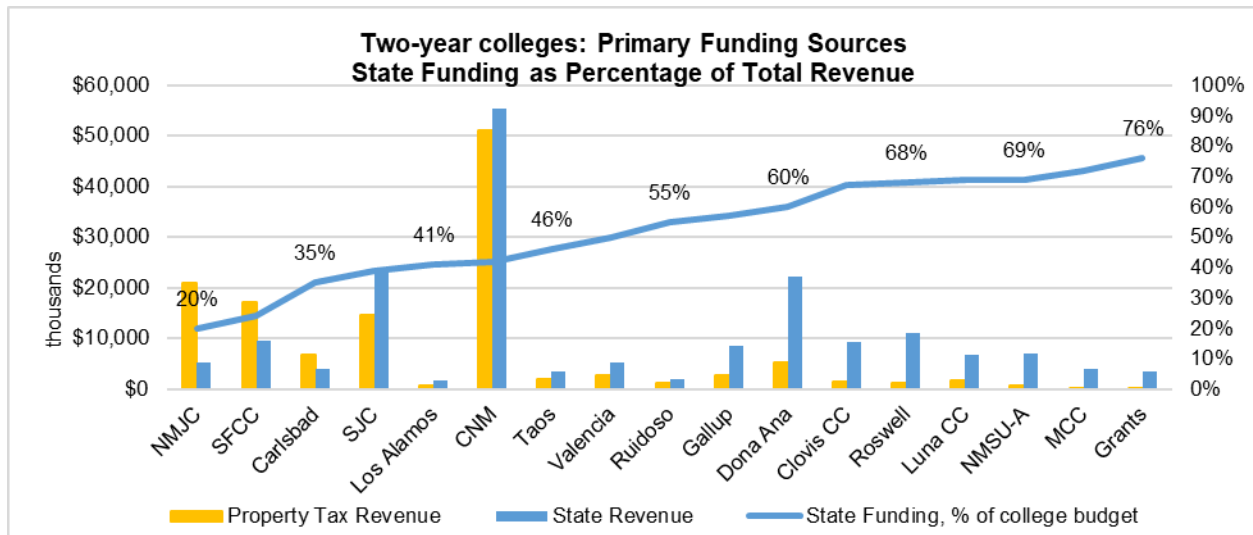
### **SIGNIFICANT ISSUES**

In New Mexico, tuition and fees remain very low compared to other states. At community colleges, tuition and fees remain low for several reasons: (1) the state is generous through its support for higher education, ranking the 6<sup>th</sup> most generous state on spending per student, (2) community colleges generate revenue by imposing property tax on local residential and commercial property owners to support operating costs, and (3) student financial aid programs like the federal Pell grant program, the Lottery Tuition Scholarship Fund, the Student Incentive Grant, the Bridge Scholarship, and the College Affordability Fund support merit and need-based student grants.

The FY20 LFC Budget Recommendation includes \$9.95 million from the general fund for SFCC for instructional and general operations funding. In addition, SFCC imposes 3 of the 5 available mills from property tax, generating \$17.2 million annually from local property tax revenue for its operations, and earns \$7.6 million in tuition revenue.

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<sup>1</sup> The bill provides for the students to enroll in at least six credit hours during the summer session, however, the FIR assumes an associates' degree would be completed within two years, and therefore, does not include the additional cost for the summer session tuition, fees or instructional materials.



**PERFORMANCE IMPLICATIONS**

The bill requires the pilot program to monitor one- and two-year post graduation tracking data to understand the impact of the program on student choices for education-related employment or furthering their postsecondary education.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Several bills have been introduced during the legislative session to address student financial aid.

The FY20 LFC budget recommendation includes \$50 million to capitalize the College Affordability Fund. HB 127 also appropriates \$50 million to the same fund, and increases the award from \$1,000 to \$1,500. HB146 would amend the Legislative Lottery Scholarship Act to make the award need-based. HB363 makes tribal college students to receive the Lottery Scholarship.

Senate Bill 293 is a duplicate bill.

**TECHNICAL ISSUES**

House Bill 313 states in section 1(A) the “promise scholarship” program is for “students in need of financial assistance who attend a community college or technical and vocational institute in New Mexico”. The section may create confusion.

The bill states students are eligible who come from “community colleges or technical and vocational institutes in New Mexico”. Could students who do not attend SFCC be eligible for the pilot program? If so, would a student who is attending a “private for-profit” technical and vocational institute be eligible to participate?

**POSSIBLE QUESTIONS**

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1. Do the eligibility requirements mimic the requirements for the lottery scholarship?
2. Will SFCC implement the “promise scholarship” as a last in gap funding scholarship program, or is the intention to select a cohort of students who are not eligible for other financial aid programs?

**MFV/sec**