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).

FISCAL IMPACT REPORT

SPONSOR	Tall	man	ORIGINAL DATE LAST UPDATED		HB	
SHORT TITLE		Community College Adult Scholarships			SB	225
				ANAI	AYST	Valenzuela

<u>APPROPRIATION</u> (dollars in thousands)

Appropr	iation	Recurring	Fund Affected	
FY20	FY21	or Nonrecurring		
	\$7,000.0	Recurring	General Fund	

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 14, the Opportunity Scholarship, Senate Bill 14, the Vocational Training Scholarship Act, Senate Bill 195, the Reconnect Scholarship Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

<u>Responses Received From</u> NM Independent Community Colleges

SUMMARY

Synopsis of Bill

Senate Bill 225 appropriates \$7 million from the general fund to the higher education department (HED) for the purpose of funding scholarships for adults who attend community college. Adults who are at least 21 years of age and who have annual adjusted gross income (AGI) under \$36 thousand are eligible. The bill contains a reversion clause. There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$7 million 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.

Public and tribal community colleges in New Mexico have enrolled 69,624 students in the current academic year, of which 11,732, or 17 percent, are high-school students seeking dualcredit classes. From the remaining 57,892 students, a large percentage are adults over the age of

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21, given that the average age for community college students is 27.

HED did not provide an analysis, so the LFC uses the following assumptions: 60 percent of these students are 21 years or older and 35 percent has an adjusted gross annual income of \$36 thousand or lower. Based on these assumptions, 12,157 students would meet the eligibility criteria set forth by Senate Bill 225.

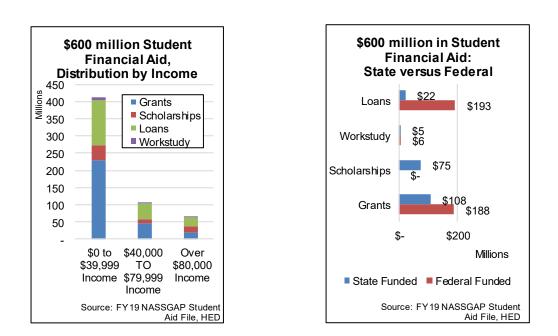
The average tuition cost, full-time enrollment, among public community colleges is approximately \$700/semester, or \$1,400/year. The annual cost to cover full tuition would be \$17 million. Given the appropriation, the scholarship, on average, would provide approximately \$300/annually of scholarship support for the 12,157 students.

For part-time students, the analysis might be a combination of the annual costs shown below which are based on an average per credit cost of \$60.00/semester. For example, if 12,157 students only took one class each semester (3 credit hours), the cost would be \$2.2 million, however if those students took 9 credit hours for the fall and spring semesters, the cost is \$11.7 million, where SB225 would pay for \$7 million of the cost.

	Cost Per Semester	Cost for Two Semesters
3 credit hours at \$180	\$2,188,260	\$4,376,520
6 credit hours at \$360	\$4,376,520	\$8,753,040
9 credit hours at \$480	\$5,835,360	\$11,670,720

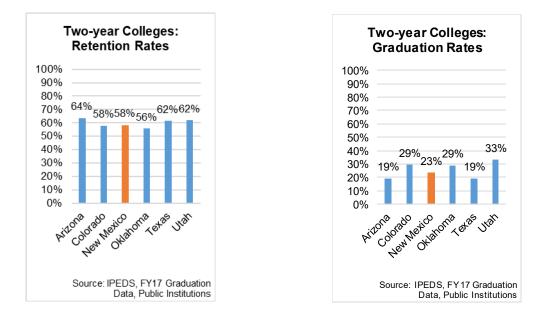
SIGNIFICANT ISSUES

Each year, college students receive \$600 million in financial aid support to pursue a postsecondary education in New Mexico. The aid -51 percent from grants, 12 percent from scholarships, 35 percent from loans, and 2 percent from work-study - is primarily need based, with students with the lowest incomes accruing 71 percent of the support. Programs like the lottery tuition scholarship have paid up to 100 percent of tuition costs, and the college affordability scholarship has helped adult learners return to earn a degree.



PERFORMANCE IMPLICATIONS

Compared with surrounding states, New Mexico lags its regional states in student retention and graduation rates. One program that has shown to be impactful to reducing the time to graduation has been the lottery scholarship because of the minimum level of effort or GPA requirements, which are helpful to students to ensure they stay on track to graduate on time.



ADMINISTRATIVE IMPLICATIONS

According to SB 225, students aged 21 or older with AGI below \$36 thousand would be eligible to receive a scholarship. The bill does not require the students to be degree-seeking or maintain a minimum level class load per semester, which may prolong the time needed to successfully complete a degree program.

TECHNICAL ISSUES

The bill does not define community college as public or private or online. It may be interpreted that eligible students, who are enrolled in an online, private community college, may be eligible for this scholarship. In New Mexico, more than 10,000 students are enrolled in degree programs offered by private institutions.

MFV/sb