

AN ACT

RELATING TO HIGHER EDUCATION; ALLOWING COLLEGE AFFORDABILITY SCHOLARSHIPS TO BE USED AT TRIBAL COLLEGES; DEFINING ELIGIBLE STUDENT; ADJUSTING DISTRIBUTIONS TO THE COLLEGE AFFORDABILITY SCHOLARSHIP FUND; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-21L-1 NMSA 1978 (being Laws 2005, Chapter 192, Section 1) is amended to read:

"21-21L-1. SHORT TITLE.--Chapter 21, Article 21L NMSA 1978 may be cited as the "College Affordability Act"."

Section 2. Section 21-21L-3 NMSA 1978 (being Laws 2005, Chapter 192, Section 3) is amended to read:

"21-21L-3. DEFINITIONS.--As used in the College Affordability Act:

A. "commission" or "department" means the higher education department;

B. "eligible student" means a New Mexico resident who is enrolled or enrolling at least half-time in a public post-secondary educational institution or tribal college at any time later than one hundred twenty days following high school graduation or the award of a general educational development certificate;

C. "scholarship" means a college affordability scholarship; and

D. "tribal college" means a tribally, federally or congressionally chartered post-secondary educational institution located in New Mexico that is accredited by the north central association of colleges and schools."

Section 3. Section 21-21L-4 NMSA 1978 (being Laws 2005, Chapter 192, Section 4) is amended to read:

"21-21L-4. CONDITIONS FOR ELIGIBILITY.--A scholarship may be awarded to an eligible student who:

A. has not earned a baccalaureate degree at the time the scholarship is awarded;

B. has demonstrated financial need consistent with the criteria promulgated by the department; and

C. has complied with other rules promulgated by the department to carry out the provisions of the College Affordability Act."

Section 4. Section 21-21L-5 NMSA 1978 (being Laws 2005, Chapter 192, Section 5) is amended to read:

"21-21L-5. SCHOLARSHIP AUTHORIZED--ADMINISTRATION-- PREFERENCE IN SCHOLARSHIP AWARDS.--

A. The department shall administer the College Affordability Act and shall promulgate rules to carry out the provisions of that act.

B. Scholarships shall be awarded to qualified eligible students. Qualifications shall be determined by rule of the department.

C. The department shall allocate money to public post-secondary educational institutions and tribal colleges based on a student need formula calculated according to income reported on the free application for federal student aid and on the percentage of the institution's students classified as returning adults who are otherwise ineligible for state financial aid.

D. Public post-secondary educational institutions and tribal colleges shall make awards to qualifying eligible students based on financial need in an amount not to exceed one thousand dollars (\$1,000) per semester as determined by rule of the department.

E. Money for the scholarship shall be placed in an account at the public post-secondary educational institution or tribal college in the name of the eligible student, and the money may be drawn upon to pay educational expenses charged by the institution, including tuition, fees, books and course supplies."

Section 5. Section 21-21L-6 NMSA 1978 (being Laws 2005, Chapter 192, Section 6) is amended to read:

"21-21L-6. DURATION OF SCHOLARSHIP.--Each scholarship is for a period of one semester. A scholarship may be renewed, provided the eligible student continues to meet the conditions of eligibility, until the eligible student graduates from a four-year public post-secondary educational

institution."

Section 6. Section 21-21L-7 NMSA 1978 (being Laws 2005, Chapter 192, Section 7) is amended to read:

"21-21L-7. TERMINATION OF SCHOLARSHIP.--A scholarship is terminated upon occurrence of one or more of the following:

A. withdrawal of the eligible student from the public post-secondary educational institution or tribal college or failure to remain as at least a half-time student;

B. failure of the eligible student to achieve satisfactory academic progress; or

C. substantial noncompliance by the eligible student with the College Affordability Act or the rules promulgated pursuant to that act."

Section 7. Section 21-21L-8 NMSA 1978 (being Laws 2005, Chapter 192, Section 8) is amended to read:

"21-21L-8. FUNDS CREATED.--

A. The "college affordability endowment fund" is created as a nonreverting fund in the state treasury, consisting of appropriations; unspecified gifts, grants and donations to the fund; and income from investment of the fund except as provided in Subsection C of this section.

B. The "college affordability scholarship fund" is created as a nonreverting fund in the state treasury, consisting of income from investment of the fund and any specified distributions, appropriations, gifts, grants and

donations to the fund. Money in the scholarship fund is appropriated to the department for scholarship awards as provided in the College Affordability Act. Expenditures from the scholarship fund shall be by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of higher education or the secretary's authorized representative.

C. Until fifty percent of the annual income from investment of the college affordability endowment fund is equal to or exceeds two million dollars (\$2,000,000), an annual distribution of two million dollars (\$2,000,000) shall be made from the college affordability endowment fund to the college affordability scholarship fund. Thereafter, until the corpus of the endowment fund is two hundred fifty million dollars (\$250,000,000), fifty percent of the income from investment of the fund shall be applied to the corpus of the fund and fifty percent shall be distributed annually to the scholarship fund. After the corpus of the endowment fund is two hundred fifty million dollars (\$250,000,000), all of the income from investment of the fund shall be distributed to the college affordability scholarship fund."

Section 8. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2007. \_\_\_\_\_