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AN ACT

RELATING TO HIGHER EDUCATION; ALLOWING COLLEGE AFFORDABILITY
SCHOLARSHIPS TO BE USED AT TRIBAL COLLEGES; DEFINING ELIGIBLE
STUDENT; 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
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1 congressionally chartered post-secondary educational
2 institution located in New Mexico that is accredited by the
3 north central association of colleges and schools."

4 Section 3. Section 21-21L-4 NMSA 1978 (being Laws
5 2005, Chapter 192, Section 4) is amended to read:

6 "21-21L-4. CONDITIONS FOR ELIGIBILITY.--A scholarship
7 may be awarded to an eligible student who:

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

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

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

15 Section 4. Section 21-21L-5 NMSA 1978 (being Laws
16 2005, Chapter 192, Section 5) is amended to read:

17 "21-21L-5. SCHOLARSHIP AUTHORIZED--ADMINISTRATION--
18 PREFERENCE IN SCHOLARSHIP AWARDS.--

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

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

25 C. The department shall allocate money to public

1 post-secondary educational institutions and tribal
2 colleges based on a student need formula calculated according
3 to income reported on the free application for federal
4 student aid and on the percentage of the institution's
5 students classified as returning adults who are otherwise
6 ineligible for state financial aid.

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

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

18 Section 5. Section 21-21L-6 NMSA 1978 (being Laws
19 2005, Chapter 192, Section 6) is amended to read:

20 "21-21L-6. DURATION OF SCHOLARSHIP.--Each scholarship
21 is for a period of one semester. A scholarship may be
22 renewed, provided the eligible student continues to meet the
23 conditions of eligibility, until the eligible student
24 graduates from a four-year public post-secondary educational
25 institution."

1 Section 6. Section 21-21L-7 NMSA 1978 (being Laws
2 2005, Chapter 192, Section 7) is amended to read:

3 "21-21L-7. TERMINATION OF SCHOLARSHIP.--A scholarship
4 is terminated upon occurrence of one or more of the
5 following:

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

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

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

14 Section 7. Section 21-21L-8 NMSA 1978 (being Laws
15 2005, Chapter 192, Section 8) is amended to read:

16 "21-21L-8. FUNDS CREATED.--

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

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

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

8 C. Until fifty percent of the annual income from
9 investment of the college affordability endowment fund is
10 equal to or exceeds two million dollars (\$2,000,000), an
11 annual distribution of two million dollars (\$2,000,000) shall
12 be made from the college affordability endowment fund to the
13 college affordability scholarship fund. Thereafter, until
14 the corpus of the endowment fund is two hundred fifty million
15 dollars (\$250,000,000), fifty percent of the income from
16 investment of the fund shall be applied to the corpus of the
17 fund and fifty percent shall be distributed annually to the
18 scholarship fund. After the corpus of the endowment fund is
19 two hundred fifty million dollars (\$250,000,000), all of the
20 income from investment of the fund shall be distributed to
21 the college affordability scholarship fund."

22 Section 8. EFFECTIVE DATE.--The effective date of the
23 provisions of this act is July 1, 2007. _____