

I 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 FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE

SPONSOR McSorley **LAST UPDATED** 1/27/08 **HB** _____

SHORT TITLE State Work Study Program Funding **SB** 240

ANALYST Wilson

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth & Families Department (CYFD)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 240 appropriates \$1,500,000 from the general fund to the Higher Education Department for expenditure in fiscal year 2009 to increase funding for eligible institutions to employ eligible students through the state work study program.

FISCAL IMPLICATIONS

The appropriation of \$1,500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

HED requested a substantial increase in general fund in the FY09 work study budget for increased capacity and funding to account for new state minimum wage laws. The HAFC recommendation includes a \$250,000 increase or 4.4% over the FY08 appropriation. However, documentation for increased costs due to the statewide minimum wage and intended expanded uses of general fund support to enhance work study capacity was not provided to the LFC before the finalization of the LFC Report by HED.

HED has now provided the following documentation:

Funding provided through SB240 will allow for adjustment to recent increases in the minimum wage, an additional 600 work study jobs, and minimal support for approved community organizations to host work study college students through the New Mexico Work Study Program. SB240 will also leverage in additional Federal Corporation for National and Community Service Eli Seigal Education Awards (scholarships through the New Mexico Commission for Community Volunteerism) at an estimated amount of \$1,000 per work study job for a total of \$600,000. This scholarship is not an additional scholarship to be managed by HED.

SIGNIFICANT ISSUES

The New Mexico Work Study Program allows students to earn funds to offset costs associated with continuing their education. According to the New Mexico Commission for Community Volunteerism, the increased funding for work study requested in SB240 will provide additional college students with the experience of hands-on career exploration in a variety of fields of study. In return students will earn wages to support their academic goals. Work study is also an effective debt prevention tool. Students who earn wages through work study are less likely to exit college with significant debt.

Increased student debt burden can negatively affect students' entry into public service careers, including teaching and social services, as students are less apt to pursue lower-paying occupations. According to the American Association of State Colleges and Universities, while average debt levels are rising nationally, select states, including New Mexico, are taking proactive roles to overcome the subsequent service shortages through creative programs such as loan for service and debt repayment programs. While these efforts can be successfully directed to target specific shortages in public service occupations, overall increases in funding for general work study or service related programs can assist students in multiple fields in retention and subsequent attainment of degrees.

OTHER SUBSTANTIVE ISSUES

The New Mexico Work Study Program was created to provide funding for employment opportunities for qualified resident students attending New Mexico's public colleges or universities and the following eligible colleges in New Mexico:

- College of Santa Fe
- St. John's College
- College of the Southwest
- Institute of American Indian Art
- Navajo Technical College
- Dine College
- Southwestern Indian Polytechnic Institute

Student employment can be through public postsecondary institutions, nonprofit educational institutions, state political subdivisions, state agencies, and approved nonprofit organizations. The amount of work study awarded to a New Mexico student varies depending on the student's financial need and the availability of funds. To be eligible for work study, a student must:

Senate Bill 240 – Page 3

- Be a United States Citizen
- Qualify as a New Mexico resident
- Be enrolled as an undergraduate or graduate student
- Enroll at least half-time during regular session
- Enroll at least 3 credit hours during summer session
- Demonstrate financial need

DW/bb