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FISCAL IMPACT REPORT

ORIGINAL DATE 1/20/16

SPONSOR Romero LAST UPDATED _____ HB 98

SHORT TITLE College Affordability Endowment Fund SB _____

ANALYST Mulligan

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$1,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

- Relates to HB2, Section 4J, Higher Education, appropriation to the Higher Education Department

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

HB 98 would appropriate \$1 million from the general fund to the College Affordability Endowment Fund, a portion of which is transferred annually to the College Affordability Scholarship Fund, which provides scholarships of up to \$1,000 per semester to students with significant financial need who do not qualify for the Legislative Lottery Scholarship or other state-run financial aid programs. The Higher Education Department (HED) requested a \$6 million special appropriation to the College Affordability Endowment Fund as part of its FY17 budget request.

FISCAL IMPLICATIONS

Under the statute that created both the endowment fund and the scholarship fund, (21-21L-8 NMSA 1978), \$2 million is transferred annually from the endowment fund to the scholarship

fund; the statute specifies this amount for the annual transfer unless or until investment revenue from the endowment fund reaches \$4 million annually or the corpus of the fund reaches \$250 million. The balance of the corpus in the endowment currently is approximately \$7.5 million, down from \$95 million in 2007, according to HED. The fund made 5,319 awards totaling \$1,881,864 in FY15.

SIGNIFICANT ISSUES

According to the Higher Education Department (HED), without additional appropriations or statutory changes, the endowment fund will be exhausted by Fiscal Year 2020.

MM/jle/jo