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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**56th Legislature, 1st Session, 2023**

<b>Bill Number</b>	<u>*HB107</u>	<b>Sponsor</b>	<u>Block</u>
<b>Tracking Number</b>	<u>.223492.1</u>	<b>Committee Referrals</b>	<u>HEC/HGEIC</u>
<b>Short Title</b>	<u>Repeal Opportunity Scholarship Act</u>		
<b>Analyst</b>	<u>Hathaway</u>	<b>Original Date</b>	<u>1/31/23</u>
		<b>Last Updated</b>	<u></u>

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**BILL SUMMARY**

Synopsis of Bill

\*House Bill 107 (\*HB107) proposes to repeal the Opportunity Scholarship Act. It also requires the Higher Education Department (HED) to refrain from distributing money in the opportunity scholarship fund and for any unexpended or unencumbered balance in the fund as of July 1, 2023 to revert to the general fund.

\*HB107 contains an emergency clause to take effect immediately upon passage and signature by the governor.

**FISCAL IMPACT**

LFC reports the annual cost to fully fund the Opportunity Scholarship is projected at \$152.8 million in FY24. Assuming that tuition, fees, and enrollment are held flat in FY25, as compared with FY24, repealing the Opportunity Scholarship Act is projected to create \$305.7 million in savings to the general fund over the next two fiscal years (FY24 and FY25).

**SUBSTANTIVE ISSUES**

**History of Opportunity Scholarship.** The Opportunity Scholarship was created in 2022. It allows students to receive scholarships up to the amount of tuition and fees for state public higher education institutions and tribal colleges. When the Opportunity Scholarship and its corresponding fund were created, it also rolled two existing scholarship programs—the College Affordability Grant Fund and the Legislative Endowment Scholarship Program—into the opportunity scholarship fund.

**Eligibility for the Opportunity Scholarship.** Eligibility for the Opportunity Scholarship is limited to New Mexico residents who have not earned a bachelor’s degree and who are enrolled at least-half time (with half-time defined as enrollment in at least six credit hours). In its analysis of \*HB107, the New Mexico Independent Community Colleges (NMICC) report the Opportunity Scholarship may be awarded for only one credit bearing certificate, one associate degree, or one

bachelor degree. Scholarships for students earning credit bearing certificates may only be awarded when data indicates the certificate is in high demand by New Mexico Employers. Students with special needs or other mitigating circumstances may petition for a waiver of eligibility on a per semester basis.

**Opportunity Scholarship Awards and Postsecondary Enrollment.** In October 2022, HED reported 34 thousand students received the Opportunity Scholarship in fall 2022. Although the Opportunity Scholarship is not the only scholarship funded by the state of New Mexico, in its first year of operation, New Mexico’s postsecondary institutions all saw enrollment growth with enrollment growing by 4.1 percent across all postsecondary institutions.

Branch community college campuses and independent community colleges saw the largest growth with enrollment increases of 6.8 percent and 5.2 percent, respectively. Enrollment at comprehensive four-year colleges grew by 4.5 percent and at research universities by 1.8 percent.

**New Mexico Postsecondary Headcount Enrollment**

Institution Type/Name	2019 Headcount	2020 Headcount	2021 Headcount	2022 Headcount	Percentage Change 2019 to 2022	Percentage Change 2021 to 2022
Research Universities	38,903	38,157	37,380	38,051	-2.2%	1.8%
Comprehensive Universities	12,909	12,182	11,772	12,321	-4.6%	4.5%
Branch Community Colleges	20,319	16,719	16,371	17,562	-13.6%	6.8%
Independent Community Colleges	44,373	37,361	34,741	36,637	-17.4%	5.2%
Formula Funded Total	116,504	104,419	100,264	104,571	-10.2%	4.1%

Source: LESC Analysis of HED Data

## ADMINISTRATIVE IMPLICATIONS

Postsecondary institutions report that repeal of the Opportunity Scholarship would require universities to find alternative funding for scholarships and that enrollment and graduation rates could decrease.

In its analysis of \*HB107, Eastern New Mexico University (ENMU) reports it would need to find alternative funding for scholarships, which it writes would be difficult at the current level of funding. ENMU reports enrollment would likely decrease as well as graduation, persistence, and retention.

New Mexico State University (NMSU), in its analysis of \*HB107, reports repealing of the act would mean NMSU would no longer be able to offer this scholarship to students, which would impact over 6 thousand students across its university system, based on enrollment and awards as of the fall 2022 semester. NMSU reports students who receive the scholarship would be unlikely to afford their education costs and may decide to opt out of college.

## TECHNICAL ISSUES

When the Opportunity Scholarship was created in 2022, it combined two existing scholarship programs into its structure: the College Affordability Grant and the Legislative Endowment Scholarship Program. \*HB107 does not contain provisions to restore these programs.

**SOURCES OF INFORMATION**

- LESC Files
- LFC Files
- Eastern New Mexico University
- New Mexico State University
- New Mexico Independent Community Colleges

**JKH/cf/mb**