

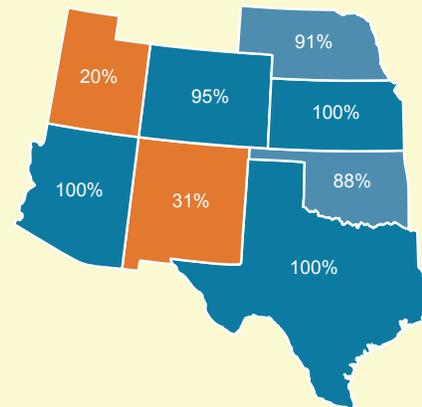
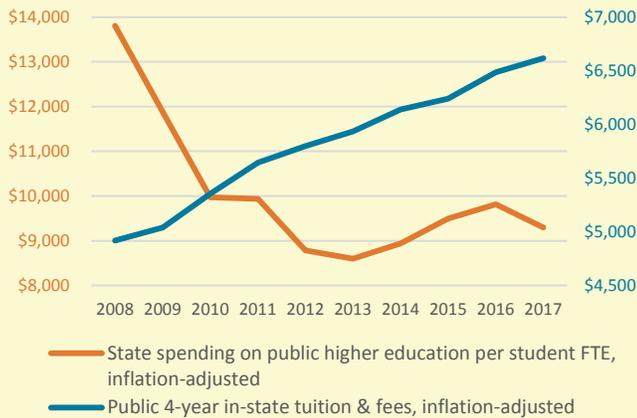
NM's Lottery Scholarship is not Targeted to the Students who Need it Most

The Lottery Scholarship—the state's largest financial aid program—is not need-based even though New Mexico has one of the highest poverty rates in the nation. We need to better assist those adults who want to earn the credentials that our economy needs, but who cannot afford college on their own.

College costs have risen dramatically, but need-based financial aid has not

New Mexico has underfunded public higher education for years. This has led to tuition increases and to families increasingly shouldering college costs.¹

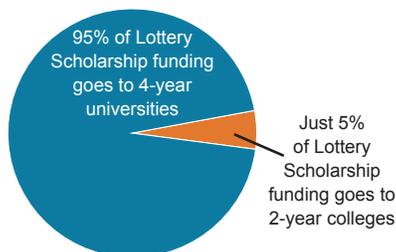
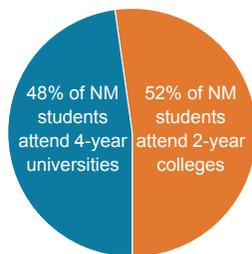
Only 31% of New Mexico's state financial aid is need-based. The U.S. average is 76%. And rates are even higher in most neighboring states.²



The Lottery Scholarship is not equitably distributed

Very little of the Lottery Scholarship goes to institutions that low-income students are likely to attend—2 year colleges. Even though 52% of all NM college students at public institutions are at 2-year colleges and 51% are part-time, just 5% of the Lottery Scholarship funding goes to 2-year colleges and 0% to part-time students.³

Too much of the Lottery Scholarship goes to higher-income families. 1 in 3 Lottery Scholarship dollars go to first-time scholarship recipients with family income above \$90,000.⁴ That income puts a NM tax filer in the top 15% income group.



What New Mexico can do to Improve College Affordability

Make the Lottery Scholarship need-based

The state's largest financial aid program should serve the students who need it most. Making the Lottery Scholarship need-based would allow the state to cover 100 percent of tuition for those students.

Need-based aid for low-income students helps with college access, persistence, and graduation. Conversely, merit-based scholarship programs benefit middle- and upper-income students—who are less likely to need help—while providing little benefit to college graduation rates for those students.

Keep the Lottery Scholarship tied to tuition

Legislation has been proposed that would de-couple the scholarship from tuition by providing flat award amounts. This would disproportionately hurt low-income students who are already struggling with college costs, particularly as tuition and other expenses increase.

Appropriate funding for the depleted College Affordability Fund

The College Affordability Fund is need-based and can assist low-income students enrolled in college half-time as well as low-income adults who are not right out of high school and hence don't qualify for the Lottery Scholarship.

2 in 4 college students are low-income



1 in 4 college students are parents



1 in 4 college students work full-time⁵



This fund has been repeatedly drained to plug unrelated budgetary holes and is currently depleted for FY19. New Mexico needs to appropriate at least \$2 million per year to carry out the purpose of the fund, keep pace with past disbursements, and continue to help the more than 3,600 low-income students who depend upon it for college access and success.



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1. Center on Budget and Policy Priorities data on funding for higher education institutions per student FTE and in-state tuition and fees at 4-year institutions (both adjusted for inflation), 2008-2017; NM Legislative Finance Committee program evaluation: Higher Education Cost Drivers and Cost Savings, 2017
 2. Estimated undergraduate grant money per undergraduate FTE enrollment by the National Association of State Student Grant and Aid Program, academic year 2015-16
 3. NM HED data from the Legislative Lottery Scholarship Report for FY17; NCES/IPEDS
 4. NM HED data of Legislative Lottery Tuition Scholarship tuition payments by family income ranges for Spring 2012 for first-time scholarship recipients
 5. Redesigning State Financial Aid to Better Serve Nontraditional Adult Students, CLASP, 2016
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