

SUPPORT HB 127/SB 81 AND HB 146 TO IMPROVE COLLEGE AFFORDABILITY IN NEW MEXICO

STATE FINANCIAL AID IS UNDERFUNDED AND MISDIRECTED

1. TUITION INCREASES HAVE BEEN DRASTIC

- Tuition and fees at our public four-year universities have been increased by 38% since the recession.¹
- This is because the state has cut higher education funding by 34% since the recession.²

2. THE STUDENTS WHO MOST NEED STATE FINANCIAL AID ARE NOT PRIORITIZED

- Only 31% of our state aid is targeted to students in need. The U.S. average is 76%.³
- Nearly \$16 million in state aid goes to students from families earning more than \$100,000 a year, most of whom can afford to attend college without financial aid.⁴
- The need-based College Affordability Fund has been completely depleted to pay for unrelated state programs.⁵



3. STATE AID HELPS TOO FEW PART-TIME, OLDER, AND LOW-INCOME STUDENTS

- 67% of our state aid comes from the merit-based Lottery Scholarship, which is only for full-time students who recently completed high school.⁶ This leaves out older students and those who must work full-time while attending college.
- 51% of our college students in public institutions are part-time, but only 32% of our state aid goes to part-time students.⁷

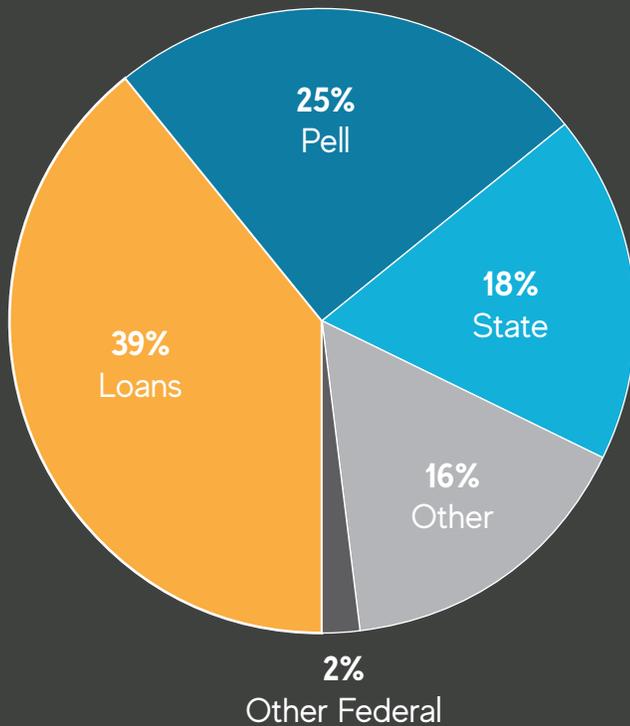
4. STATE AID IS NOT ENOUGH TO COVER THE UNMET NEED

- The Lottery Scholarship has gone from covering 100% of tuition to covering about 40%.⁸ This disproportionately hurts low-income students.
- Low-income New Mexico students only get \$3,600 in Pell Grants per year, on average, which covers only a fraction of actual college costs.⁹
- Many students must rely on loans to attend school, but New Mexico has the second worst student loan default rate in the nation.¹⁰



Student Loans Comprise the Largest Share of Financial Aid

Financial aid funding sources in New Mexico by type (FY17)



Source: NASSGAP financial aid reporting data



WHAT NEW MEXICO CAN DO

- **Re-invest in our public higher education institutions to help stabilize tuition costs and improve college affordability for all.**
- **Support HB 146 to target more state financial aid to the students who most need it by making the Lottery Scholarship need-based and having it fully cover tuition for low-income students.**
- **Support HB 127 and SB 81 to increase appropriations and disburse larger awards for the need-based College Affordability Fund to better support part-time, older, and low-income students.**

1 (On a per-student FTE, inflation-adjusted basis). Center on Budget and Policy Priorities (CBPP) Higher education funding and tuition data provided to NM Voices, 2008-2018; Unkept Promises: State Cuts to Higher Education Threatens Access and Equity, 2018

2 (When looking at inflation-adjusted state spending per FT student equivalent). Ibid

3 National Association of State Student Grant and Aid 47th survey report on state-sponsored student financial aid, academic year 2015-16

4 NM Higher Education Department data

5 NM LFC Fiscal Impact Reports for College Affordability Fund bills

6 NM Higher Education Department data (The Lottery Disability Scholarship does provide an option for part-time students but these scholarships represent less than 1% of the student recipients of the funding)

7 NM Higher Education Department data; 2016 IES NCES data

8 NM Higher Education Department data

9 Distribution of Federal Pell Grants by State 2016-17, US Department of Education

10 Cohort Student Loan 2014 Default Rate, U.S. Department of Education