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AN ACT

RELATING TO HIGHER EDUCATION; INCREASING THE PER-STUDENT PER-
SEMESTER COLLEGE AFFORDABILITY SCHOLARSHIP MAXIMUM AMOUNT;
INCREASING THE DISTRIBUTION FROM THE COLLEGE AFFORDABILITY
ENDOWMENT FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 21-21L-5 NMSA 1978 (being Laws 2005,
Chapter 192, Section 5, as amended by Laws 2007, Chapter 70,
Section 4 and by Laws 2007, Chapter 71, Section 4 and also by
Laws 2007, Chapter 85, Section 4) is amended to read:

"21-21L-5. SCHOLARSHIP AUTHORIZED--ADMINISTRATION--
PREFERENCE IN SCHOLARSHIP AWARDS.--

A. The department shall administer the College
Affordability Act and shall promulgate rules to carry out the
provisions of that act.

B. Scholarships shall be awarded to qualified
eligible students. Qualifications shall be determined by
rule of the department.

C. The department shall allocate money to public
post-secondary educational institutions and tribal colleges
based on a student need formula calculated according to
income reported on the free application for federal student
aid and on the percentage of the institution's students
classified as returning adults who are otherwise ineligible

1 for state financial aid.

2 D. Public post-secondary educational institutions
3 and tribal colleges shall make awards to qualifying eligible
4 students based on financial need in an amount not to exceed
5 one thousand five hundred dollars (\$1,500) per semester as
6 determined by rule of the department.

7 E. Money for the scholarship shall be placed in an
8 account at the public post-secondary educational institution
9 or tribal college in the name of the eligible student, and
10 the money may be drawn upon to pay educational expenses
11 charged by the institution, including tuition, fees, books
12 and course supplies."

13 SECTION 2. Section 21-21L-8 NMSA 1978 (being Laws 2005,
14 Chapter 192, Section 8, as amended by Laws 2007, Chapter 70,
15 Section 7 and by Laws 2007, Chapter 71, Section 7 and also by
16 Laws 2007, Chapter 85, Section 7) is amended to read:

17 "21-21L-8. FUNDS CREATED.--

18 A. The "college affordability endowment fund" is
19 created as a nonreverting fund in the state treasury,
20 consisting of appropriations; unspecified gifts, grants and
21 donations to the fund; and income from investment of the fund
22 except as provided in Subsection C of this section.

23 B. The "college affordability scholarship fund" is
24 created as a nonreverting fund in the state treasury,
25 consisting of income from investment of the fund and any

1 specified distributions, appropriations, gifts, grants and
2 donations to the fund. Money in the scholarship fund is
3 appropriated to the department for scholarship awards as
4 provided in the College Affordability Act. Expenditures from
5 the scholarship fund shall be by warrant of the secretary of
6 finance and administration pursuant to vouchers signed by the
7 secretary of higher education or the secretary's authorized
8 representative.

9 C. Until fifty percent of the annual income from
10 investment of the college affordability endowment fund is
11 equal to or exceeds three million dollars (\$3,000,000), an
12 annual distribution of three million dollars (\$3,000,000)
13 shall be made from the college affordability endowment fund
14 to the college affordability scholarship fund. Thereafter,
15 until the corpus of the endowment fund is two hundred fifty
16 million dollars (\$250,000,000), fifty percent of the income
17 from investment of the fund shall be applied to the corpus of
18 the fund and fifty percent shall be distributed annually to
19 the scholarship fund. After the corpus of the endowment fund
20 is two hundred fifty million dollars (\$250,000,000), all of
21 the income from investment of the fund shall be distributed
22 to the college affordability scholarship fund." _____