



# State of New Mexico

## *Office of the Governor*

**Bill Richardson**  
*Governor*

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## **Governor Bill Richardson Endorses Changes to Keep Lottery Solvent, Proposes Major Investment in College Affordability**

### *Recommendations Part of Governor's Higher Education Agenda*

ALBUQUERQUE – Governor Bill Richardson today outlined several higher education initiatives, including proposals to preserve lottery scholarships and make them available to more New Mexicans, during a speech to Albuquerque business leaders.

Governor Richardson also highlighted several ambitious changes that would limit tuition increases to make college more affordable, and invest an additional \$50 million – on top of the \$49 million that was invested this year – into the new College Affordability Fund to pay for need-based scholarships.

“We made a huge stride forward when we invested \$49 million dollars in the College Affordability Act,” Governor Richardson said. “This money will help fund need-based scholarships for New Mexicans, including non-traditional students, who can’t afford college, or who don’t have access to lottery scholarships.

“But we need to do more to make higher education more affordable, while holding colleges and universities accountable for graduating these students and preparing them for the high-wage jobs we’re creating in New Mexico.”

Governor Richardson outlined the following higher education initiatives:

### **AFFORDABILITY AND ACCESS**

- 1. Expand College Affordability Act:** Invest an additional \$50 million dollars, and change the College Affordability Act to use a larger portion of the interest in the fund to pay for more scholarships.
- 2. Tax credit for tuition and fees:** Offer a state credit equal to 25 percent of two popular federal tax credits that help pay for college tuition and fees. The state credit builds on the federal Hope Tax Credits and the Lifetime Learning Tax Credits. This new state benefit could reach as many as 40,000 New Mexicans and provide \$135 in tax relief per return.
- 3. Limit tuition increases:** Work with the governing boards of all institutions to limit tuition increases to no more than 5 percent in each of the next three years. In return, the Governor will recommend to the

Legislature that the state avoid taking what is known as a tuition credit during this three-year period, meaning colleges will not be forced to raise tuition to make up for this lost revenue.

“We need to manage tuition increases to prevent the double-digit hikes that have made it impossible for many students to attend college,” Governor Richardson said.

### **IMPROVE LOTTERY SCHOLARSHIPS**

1. **Reduce administrative costs of the Lottery:** Endorsing the plan pitched by Think New Mexico that will help preserve the popular lottery scholarships and keep it solvent. The plan would require the Lottery to provide at least 30 percent of lottery revenue to New Mexico students – by reducing bureaucracy. Currently, only 24 percent of that money goes to students, because the Lottery is spending too much on operating costs – the fifth highest in the nation.
2. **Expand Lottery scholarships:** Provide a one-year wait-out period so high school students still have an opportunity to take advantage of lottery scholarships a full year after they graduate. The Governor will also want to make the lottery scholarship available to:
  - Returning members of the armed services, giving them a year to enroll in college
  - Military dependents of a New Mexico resident stationed out of state
  - Students enrolled in tribal colleges

### **REWARDING SUCCESS**

1. **Tying Funding to Completion Rates:** Implement Performance-Based Funding, which rewards institutions for serving minority students, high-poverty students and students who move successfully from freshman to sophomore years.

“We are addressing a specific weakness in our colleges – the dismal failure rate during the first year in school,” Governor Richardson said. “Eventually, the funding will reward colleges that graduate students.”

2. **Faculty endowments:** Invest \$10-million dollars in endowments at both 4-year and 2-year institutions to help attract and keep highly qualified faculty at our colleges and universities. The plan would require a one-to-one-match from institutions, meaning \$20 million would be available. The endowments would focus on priority initiatives, such as film, aerospace, energy and education.

New Mexico recently received some poor grades in the most recent Measuring Up report card – in the areas of college affordability, preparing students for college and ensuring that students complete their higher education.

“With this ambitious agenda I have outlined today, I think New Mexico’s grades on this report card will improve dramatically. I won’t settle for anything less than straight-A’s.”