

Governor signs bill creating \$959M trust fund guaranteeing tuition-free college in New Mexico

Written by gallupsun
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SANTA FE — Gov. Michelle Lujan Grisham signed Senate Bill 159, creating a nearly \$1 billion trust fund and a scholarship program fund to ensure tuition-free college in New Mexico for decades to come, the week of March 5.

“By creating this fund, New Mexico is keeping our original promise of tuition-free college for residents and cementing our status as the nation’s leader for college equity and access,” Lujan Grisham said. “Our monumental investments from early childhood education to college and career are already making a life-changing difference for tens of thousands of New Mexicans and setting the example for every other state.”

With the establishment of the Early Childhood Trust Fund in 2020 via the Land Grant Permanent Fund, New Mexico is the first state to establish trust funds for both early childhood and higher education, with a total \$32.4 billion invested in cradle to career education.

Supported by the Tax Stabilization Reserve Fund, the Higher Education Trust Fund will make it possible for state financial aid programs, including the Opportunity and Lottery Scholarships, to continue supporting full tuition for eligible students even in years when less state funding is available. An investment of \$959 million will generate interest revenue in future years. An initial distribution of \$47.95 million will be made to the program fund in FY25.

New Mexico’s trust fund dedicated to higher education fund is the largest of any state, followed by Tennessee at approximately \$775 million and New Jersey and Alaska, both at about \$400 million. Just seven other states have established higher education trust funds.

“The Higher Education Trust Fund will make it possible for New Mexicans to continue to go to college tuition-free for many years to come while also maintaining healthy reserves in the state’s Tax Stabilization Reserve Fund. Current and future students depend on these scholarships to further their education, and the future of our state depends on having more highly educated residents entering the workforce and providing for their families,” bill sponsor Sen. Pete Campos, D, Diet. 8, said.

In 2022, the Governor signed the Opportunity Scholarship Act, creating the nation’s most

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inclusive tuition-free college program. The program has secured full funding every year since, with \$162 million appropriated for FY25.

A little over 42,000 New Mexicans are receiving the scholarship, including over 10,000 students attending college over the summer. Research conducted by the New Mexico Higher Education Department shows that the number of students completing short-term career training certificates increased by 39% since the program began, and students receiving the Opportunity Scholarship are 8% more likely to stay in school than those not receiving it. Most Opportunity Scholarship recipients are Hispanic, identify as women, are under the age of 24 and are eligible to receive federal need-based Pell grants.

According to initial numbers submitted to the New Mexico Higher Education Department for the spring 2024 semester, enrollment increased by nearly 4%, higher than the fall semester increase. Overall, college enrollment in New Mexico has increased by more than 7% since 2021, the year before the program began.

Established in 1996 as the nation's first tuition-free college program, the Lottery Scholarship continues to cover full tuition for around 10,000 students each year. In 2016, economic downturns in the state led to the amount of tuition covered by the Lottery Scholarship being reduced to an average of 60%. Lujan Grisham restored the Lottery Scholarship to 100% of tuition via an infusion of federal funds in 2021.

Data compiled by the New Mexico Higher Education Department shows that students who receive the Lottery Scholarship for six or more semesters are successful, with 86% or more receiving a degree or certificate.

