

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** SB 141

**51st Legislature, 2nd Session, 2014**

**Tracking Number:** .195800.1

**Short Title:** Limit Lottery Scholarship Tuition Increases

**Sponsor(s):** Senator Jacob Candelaria

**Analyst:** Travis Dulany

**Date:** February 9, 2014

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**Bill Summary:**

SB 141 amends the general provisions relating to state educational institutions to limit tuition increases for Lottery Tuition Scholarship (Scholarship) recipients.

Among its provisions, the bill requires that the:

- tuition rate in effect when the student first qualifies for the Scholarship remain in effect for the remainder of semesters for which the student qualifies; and
- limits the rate to eight consecutive semesters.

**Fiscal Impact:**

SB 141 does not contain an appropriation.

**Fiscal Issues:**

The New Mexico Institute of Mining and Technology and New Mexico State University report that SB 141 would require additional staff or software to process and track student cohorts.

The Higher Education Department (HED) reports that, under the provisions of SB 141, the department might be able to predict the costs more accurately for students receiving the Legislative Lottery Scholarship, but it would entail significant additional data collection to keep track of the actual tuition rate for each student.

**Substantive Issues:**

Information from HED from a June 2013 meeting of the Lottery Scholarship Fund Solvency Work Group (see “Background,” below), indicates a statewide average growth in tuition of 35 percent between FY 10 and FY 14. It may be important to note that, in prior years, a “tuition credit” was implemented, which reduced the amount of funding received by postsecondary institutions and may account for some tuition increases.

The University of New Mexico states that, under the provisions of SB 141, higher fee increases and differential tuition rates could occur for various student segments.

## **Background:**

### ***Lottery Scholarship Fund Solvency Work Group***

The solvency of the Legislative Lottery Scholarship program has been a topic of concern in recent years. Expenditures have exceeded revenues, resulting in a depletion of the Lottery Tuition Fund (Fund. Expenses grew from \$53.3 million in FY 11 to a projected \$67.5 million for the current fiscal year, meanwhile revenues have remained between \$39.0 million and \$42.0 million.

During the 2013 legislative session, the Senate passed SM 101, *Lottery Scholarship Fund Solvency Work Group*, which requested HED to form a work group of various stakeholders, including the Director of the Legislative Education Study Committee (LESC) staff, to study the solvency of the Fund and present the work group's recommendations to the Legislature by December 1, 2013. The work group met several times throughout the 2013 interim and considered a number of methods for addressing Fund solvency, including:

- increased requirements for grade point average (GPA) and credit hours;
- front-end or back-end loading of tuition scholarships (e.g. providing full tuition scholarships during the first years of postsecondary education and reducing award amounts during the junior and senior years);
- decoupling the award amounts from tuition;
- limiting the scholarship to seven semesters instead of four consecutive years;
- awarding scholarships based on need; and
- awarding the lottery scholarship only after other scholarships and aid have been awarded.

LESC staff also provided a number of revenue options for the work group's consideration.

Ultimately, the work group did not come to a consensus on any particular recommendations.

### ***Other Related Background***

Created by legislation enacted in 1996, the Legislative Lottery Scholarship is a renewable, full-tuition award<sup>1</sup> granted to qualifying students beginning in their second semester at a public postsecondary institution in New Mexico. The scholarship covers the cost of tuition only. Students are responsible for additional educational expenses such as student fees, course materials, and housing.

To qualify for the scholarship a student must:

- be a New Mexico resident;
- have graduated from a New Mexico public or accredited private school or have obtained a New Mexico graduate equivalent diploma;
- enroll full-time (in at least 12 credit hours) at an eligible New Mexico public college or university, in the first regular semester immediately following high school graduation; and
- obtain and maintain a cumulative GPA of at least 2.5.

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<sup>1</sup> To the extent that funds are made available by the Legislature from the Fund.

State law also provides for specific accommodations with regard to:

- students with disabilities; and
- individuals who either immediately enlist in, or have recently departed from, the US Armed Forces.

**Committee Referrals:**

SCC/SEC/SJC/SFC

**Related Bills:**

SB 146 *Lottery Tuition Rates & Definitions*

\*SB 150 *Lottery Scholarship Solvency*

\*SB 327 *Lottery Tuition Fund Act & Solvency*

\*SB 379 *Lottery Tuition Fund Solvency*

SM 23 *Tribal College Lottery Scholarship Exclusion* (Identical to HM 37)

HB 145 *Lottery Scholarship Changes*

\*HB 254 *Lottery Scholarship Solvency*

HB 263 *Lottery Scholarship Changes*

HB 348 *Legislative Lottery Tuition Waiver Act*

HM 37 *Tribal College Lottery Scholarship Exclusion* (Identical to SM 23)