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FISCAL IMPACT REPORT

ORIGINAL DATE 02/03/14
SPONSOR Martinez, Ro **LAST UPDATED** _____ **HB** 214

SHORT TITLE NMMI Gen. Richard T. Knowles Scholarship **SB** _____

ANALYST Hartzler-Toon

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$500.0	\$500.0	\$1,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act: Section 4J Higher Education, New Mexico Military Institute, Knowles Legislative Scholarship

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Military Institute (NMMI)
 Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 21 appropriates \$500 thousand from the general fund to the NMMI for the General Richard T. Knowles Scholarship program.

FISCAL IMPLICATIONS

As drafted, the appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund, with any unexpended or unencumbered balance remaining at the end of FY15

reverting to the general fund. However, if HB 214 or any appropriation for this program is added to the program’s existing line-appropriation in the General Appropriation Act (GAA), Section 4, the funds will be designated nonreverting unless explicitly stated. (The FIR tables for this bill reflect a recurring appropriation.)

The Knowles scholarship program has a long history of receiving general fund appropriations:

History of General Fund Support for Gen. Knowles Scholarship Program	
Fiscal Year	General Fund Appropriations (in thousands)
FY06	\$463.8
FY07	\$788.8
FY08	\$912.7
FY09	\$889.9
FY10	\$853.5
FY11	\$834.5
FY12	\$792.8
FY13	\$792.8
FY14	\$842.8

In FY14, NMMI received an \$842.8 thousand general fund appropriation. The institute supplemented this amount with more than \$200 thousand from the Knowles endowment fund and institutional resources to award 221 scholarships at \$4,663 each. The individual scholarship amount is approximately 45 percent of the cost of attendance at NMMI.

For FY15, NMMI requested \$1.2 million in general fund support for the scholarship program, an increase of \$357.2 thousand, or 42 percent, over FY14 levels. The Executive recommended FY14 fund levels for the program, while the LFC recommended \$917.8 thousand, for a 9 percent increase. Should both the LFC recommendation and HB 214 be enacted, the program would receive a \$1.4 million general fund appropriation, a 68 percent increase. NMMI reports that this increased amount would grow the program to 279 students at with a scholarship amount representing 50 percent of the cost of attendance.

SIGNIFICANT ISSUES

NMMI reports that, “for the majority of students that are offered this scholarship, this award is the determining factor as to whether or not they will choose to attend the Institute, and as such this scholarship has a great impact on the school and the lives of young New Mexico men and women.”

PERFORMANCE IMPLICATIONS

NMMI reports on annual performance metrics according to the Accountability in Government Act, including average academic proficiency scores for graduating college sophomores and American College Testing (ACT) scores for graduating high school seniors. An average of 84 percent of NMMI’s graduating high school seniors enroll in college.

DUPLICATION

HB 214 duplicates a line-appropriation in the General Appropriation Act, Section 4, New Mexico Military Institute, Knowles Legislative Scholarship.

THT/ds