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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/16

SPONSOR Sanchez, M LAST UPDATED _____ HB _____

SHORT TITLE Lottery Scholarship Definitions SB 280

ANALYST Dulany

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 280 amends the Legislative Lottery Tuition Scholarship Act to add “a two-year state educational institution” to the definition of “community college” and specify that the uniform percentage by which scholarships are calculated for a two-year state educational institution is to be based on the uniform percentage for community colleges. The bill also specifies “program semesters” throughout the bill, which are defined as those semesters for which a student may receive the scholarship and excludes the first semester of attendance.

FISCAL IMPLICATIONS

No fiscal implications.

As suggested by HED, the bill appears to address the need to include New Mexico Military Institute (NMMI) in the Legislative Lottery Tuition Scholarship Act, particularly with regard to the method by which scholarships for the institute are calculated. Under SB 280, scholarships for NMMI would be based on the uniform percentage of average in-state tuition costs for community colleges. This statutory change reflects current practice. As a result, no fiscal impact is expected.

SIGNIFICANT ISSUES

By adding “a two-year state educational institution” to the definition of “community college” in the Legislative Lottery Tuition Scholarship Act, SB 280 clarifies existing statute and provides guidance to HED in distributing scholarship revenue to NMMI.

Legislative Lottery Tuition Scholarships are awarded based on a uniform percentage of average in-state tuition costs in three sectors – research institutions, comprehensive institutions, and community colleges. Although NMMI, as a “state educational institution,” is technically authorized to award tuition scholarships to eligible students, the institute does not fall under the definition of any of the three sectors. As a result, the lottery act provides HED with no direction for distributing lottery revenue to NMMI for tuition scholarships. According to HED, absent direction in the Legislative Lottery Tuition Scholarship Act, the department uses the definition of “community college” in the Community College Act to distribute scholarship funding to NMMI. The Community College Act defines “community college” as a “public educational institution that provides not to exceed two years of training in the arts, sciences and humanities beyond the twelfth grade of the public high school curriculum...”

The bill also clarifies use of the term “program semesters.”

When the Legislative Lottery Tuition Scholarship Act was amended in 2014, the bill passed by the Legislature specified, “a qualified student...is eligible to receive the tuition scholarship for a maximum of seven program semesters *starting in the second program semester*” (emphasis added). Because a program semester is defined as a semester “for which a...student may receive a tuition scholarship and excludes the first semester of attendance,” this language in the bill resulted in a conflict and, some argued, prevented students from receiving the scholarship until the student’s third semester of college. The conflicting language was vetoed by the Governor, along with other iterations of the word “program,” which allowed institutions to issue scholarships to students beginning in their second semester of college. SB 280 adds the term “program semester” back in certain sections of the act to clarify eligibility for the scholarship, but the bill does not appear to include the same conflicting language of the 2014 bill.

TD/al