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FISCAL IMPACT REPORT

ORIGINAL DATE 1/17/19

SPONSOR Stefanics LAST UPDATED _____ HB _____

SHORT TITLE Disabilities Students Lottery Scholarships SB 179

ANALYST Hawker

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See fiscal implications				Recurring	Lottery Tuition Fund

Parenthesis () indicate expenditure decreases

Relates to HB 146, SB 80

SOURCES OF INFORMATION

LFC Files
 PED Grads 360 Report
 HED 2018 Legislative Lottery Scholarship Report

Responses Received From

New Mexico Higher Education Department (HED)
 New Mexico Institute of Mining & Technology (NMIMT)
 New Mexico State University (NMSU)
 New Mexico State University – Carlsbad Branch (NMSU-C)

Other Responses

New Mexico Independent Community Colleges (NMICC)

SUMMARY

Synopsis of Bill

Senate Bill 179 amends the Legislative Lottery Tuition Scholarship Act to extend scholarship eligibility to New Mexico residents who because of a disability left the state to receive a high school education. Currently the qualifications for the Legislative Lottery Tuition Scholarship require a student to either graduate from a high school in New Mexico or receive a high school equivalency credential while maintaining residency in New Mexico.

FISCAL IMPLICATIONS

According to PED, more than 47 thousand students in New Mexico meet the federal IDEA definition as having a disability. Neither PED nor HED have data on how many of these students leave New Mexico for secondary education and return to attend college. The impact to the lottery tuition fund, however, is expected to be minimal according to HED, NMSU, and NMICC.

Based on LFC staff scenarios, the fiscal impact could range from zero dollars due to no out-of-state graduates eligible for lottery, to an estimated \$319.5 thousand more per year.

Children with IEPs aged 6 through 21	# served FFY 16	Assumptions	
		% attending NM higher education	# attending NM higher education
inside the regular class 80% or more of the day	23,431	0.10%	23
inside the regular class less than 40% of the day	8,757	0.50%	44
inside separate schools, residential facilities, or homebound/hospital placements	409	1.00%	4
Total			<u>71</u>

If 71 more students are eligible per year, up to 213 more awards could be made in an academic year (71 students x 3 terms). The below table reflects estimated costs if all students attended the same institution type.

	Award Amount Per Term	Estimated # of Awards	Estimate Cost
Research Institution	\$1,500	213	\$319,500
Comprehensive Institution	\$1,020	213	\$217,260
Community College	\$380	213	\$80,940

Using data from the Higher Education Department’s *FY 18 Legislative Lottery Scholarship* annual report, a 1 percent increase in scholarship participation, based upon the numbers of awards issued in each type of institution would cost \$322.5 thousand.

	Award Amount	FY18 # Awardees	1% Change in Cost
Research Institution	\$1,500	18,651	\$279,765
Comprehensive Institution	\$1,020	2,333	\$23,797
Community College	\$380	<u>4,992</u>	<u>\$18,970</u>
Total		<u>25,976</u>	<u>\$322,531</u>

SIGNIFICANT ISSUES

The Legislative Lottery Tuition Scholarship Act defines a qualified student as “a full-time student who graduated from a public or accredited private New Mexico high school or who received a high school equivalency credential while maintaining residency in New Mexico....” Under the provisions of SB 179, a student who needed to go out of state to receive an education pursuant to the federal Individuals with Disabilities Education Act and graduated from an accredited out of state high school shall be eligible for the scholarship.

HED reports students with disabilities who are qualified for the legislative lottery scholarship and who may require accommodations, shall be eligible so long as they take no fewer than six credit hours per semester, and in no case shall eligibility extend beyond fourteen consecutive program semesters.

ADMINISTRATIVE IMPLICATIONS

As noted by the NMICC analysis, postsecondary educational institutions will need to establish processes to verify eligibility of students with disabilities who graduated from an out-of-state high school per IDEA.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 146, SB 80 amend the Legislative Lottery Tuition Scholarship Act and may have an effect on eligibility for the scholarship or potential lottery revenues.

VKH/sb/al