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FISCAL IMPACT REPORT

SPONSOR:	Robinson	DATE TYPED:	02/02/00	HB	
SHORT TITLE:	Limit Lottery Scholarship Eligibility			SB	157
				ANALYST:	Pacheco-Perez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	NA				

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	NA			

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Commission on Higher Education (CHE)

New Mexico Lottery (NML)

SUMMARY

Synopsis of Bill

This bill amends the lottery tuition scholarship program as follows:

- •Eligibility is capped to four consecutive years for both universities and community college enrollment;
- •Eligibility extends to persons who begin service in the United States armed forces 120 days after high school graduation and, within 120 days of service completion or discharge, is admitted to a New Mexico public post-secondary institution;
- •Awards are limited to the first 60 student credit hours of part-time or full-time enrollment;
- •Awards are capped at 40% of university tuition and fees and 65% for community college tuition and fees;
- •Awards can be used for any cost of attendance expense;
- •Eligibility is limited to annual income capped at \$70,000;
- •All other eligibility requirements of the current law; and
- •Commission on Higher Education shall prepare guidelines setting forth explicit student initial and

continuing eligibility criteria and guidelines for administration of the tuition scholarship program.

FISCAL IMPLICATIONS

Using New Mexico Lottery revised net revenue projections submitted this Fall, annual transfers into the scholarship fund average \$9.4 million over the next 7 years (attachment A). During FY01, the final student cohort will be added to the lottery recipient group, averaging an expenditure level of \$26.6 million per year provided that students receive scholarships worth 100% of tuition.

As proposed in this bill, expenditures will average \$5.4 million per year over the next 6 years as awards are reduced to \$850 or 40% for university tuition and fees and \$440 for community colleges or 65% tuition and fees. Although governing boards at each institution determine tuition and fee levels each year, making them subject to modest or significant increases, the changes proposed in this bill would more than ensure the solvency of the scholarship program.

According to the NML, this bill may negatively impact sales as current promotions cite that scholarships are available to students regardless of their parent's income.

ADMINISTRATIVE IMPLICATIONS

There would be no additional administrative responsibilities placed on the Commission on Higher Education (CHE) than are required of the current program.

TECHNICAL ISSUES

As New Mexico Lottery transfers are projected to exceed expenditure levels associated with the changes made through this bill, the CHE should be given the flexibility to adjust the percentage of tuition and fees covered by the scholarship.

POSSIBLE QUESTIONS

1. How will institutions respond to changes made in this bill relative to the differential in percentage of tuition and fees of universities vs. community colleges covered by the scholarship?
 2. How soon in advance is the packaging of financial aid accomplished which determines the level of federal aid for which students are eligible?
 3. Are there projections of how net revenue might be affected given the changes proposed in this bill?
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1. What other options are there for restructuring the lottery tuition scholarship program which do not place in statute the regulations for the program?

APP/gm