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FISCAL IMPACT REPORT

SPONSOR Carraro DATE TYPED 02/11/04 HB _____

SHORT TITLE Tuition Scholarships for Certain Students SB 98

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			Very significant impact (see text)	Recurring	Lottery Tuition Scholarship Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 109, HB 179, HB 226, HB 426, SB 98, SB 145, SB 274, SB 331

SOURCES OF INFORMATION

LFC Files
Public Education Department
Commission on Higher Education

SUMMARY

Synopsis of Bill

Senate Bill 98 eliminates language in the Lottery Scholarship fund statute that requires students to attend college immediately upon graduating from a New Mexico high school or obtaining a GED. Essentially, the bill authorizes eligibility for lottery tuition scholarships at any time between graduation from high school (or receipt of a GED) and enrollment in a public, post-secondary institution.

Significant Issues

The latest revenue and expenditure projections for the lottery tuition scholarship fund are attached. Fund balances are projected to continue to grow and reach \$85 million in FY09, then fall through FY14.

The CHE generally does not support changes to the Lottery Success Scholarship Program, However, at its February 2004 meeting, the CHE adopted a staff recommendation that the 2004 legislature provide incremental funding for existing, state-level, needs-based student financial aid programs in the amount of \$2 million from lottery tuition fund balances. The Governor's budget recommendation includes a transfer of \$2.3 million for a similar purpose. At the February 2004 meeting, CHE directed staff to engage in "a comprehensive study of the Lottery Success Scholarship Program, all other Student Financial Aid programs, and revenue sources to fund use programs."

FISCAL IMPLICATIONS

CHE estimates this bill would result in unlimited draws on the lottery tuition scholarship fund and projects depletion of cash balances within the first year.

ADMINISTRATIVE IMPLICATIONS

Additional reporting and verification responsibilities would impact post-secondary institutions and the CHE. CHE notes the bill would require university financial aid officers to certify high school graduation dates, without a system to track graduation dates, college enrollment dates, qualifying semester and reimbursement awards.

TECHNICAL ISSUES

CHE notes the bill eliminates current language and the need for this language relating to students who enter the military within 120 days of graduation or GED completion and enroll in a New Mexico institute of higher education within 120 days of completing their armed service.

AW/yr:lg

Attachment