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## FISCAL IMPACT REPORT

**SPONSOR** Nava                      **DATE TYPED** 02/03/05                      **HB** \_\_\_\_\_

**SHORT TITLE** Full-Time Post-Secondary Students                      **SB** 130

**ANALYST** Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Indeterminate, but not expected to be large	Recurring	Lottery Tuition Scholarship Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to numerous lottery scholarship and student financial aid bills

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	Indeterminate, but not expected to be large		Recurring	Potentially other state funds

(Parenthesis ( ) Indicate Revenue Decreases)

### **SOURCES OF INFORMATION**

LFC Files  
 Commission on Higher Education (CHE)  
 New Mexico Lottery Authority

### **SUMMARY**

#### Synopsis of Bill

Endorsed by the Legislative Education Study Committee.

Senate Bill 130 provides explicit statutory authorization to address lottery scholarship eligibility for post-secondary students taking required courses at another institution. In these cases, the total semester credit hours will be used to determine full-time enrollment status for the purposes of

lottery eligibility. An institution cannot deny eligibility for the lottery tuition scholarship to these students without ten day's notice and an opportunity for the student to demonstrate the existence of a full-time course load.

Appeals may be made to the commission on higher education, which has 20 days to consider the appeal. Institutions found in violation must reimburse to the student an amount equal to tuition, books and fees for each course taken during that semester.

### Significant Issues

At the present time, this situation this bill is intended to address may cause students to face uncertainty over lottery scholarship eligibility. Further, there are concerns that students and/or their families may have to pay for the tuition related to these courses, then be reimbursed once the "home" institution reflects all completed courses on a student's transcript. A stronger mechanism to address lottery scholarship eligibility on a semester-by-semester basis could address these uncertainties and financial hardships and could be a positive factor for student persistence and graduation.

Note among the requirements for lottery scholarship eligibility is that the student must be enrolled in a certificate or degree-granting program and complete 12 credit hours or more at an eligible New Mexico public college or university, the first regular semester immediately following high school graduation. Among the continuing eligibility requirements, students must continue to meet this criteria.

CHE notes the intent of this legislation could be addressed through additions to the New Mexico Administrative Code, NMAC 5-7-20 Success Scholarship Program and NMAC 5-55-3 Transfer and Articulation.

### **FISCAL IMPLICATIONS**

The extent of this problem is not clear. Data has been requested from the CHE to determine the number of students in this situation. If the legislative intent is to restrict this authorization to required courses, then the total fiscal impact is probably not large. The potential implications for students and their families could be significant.

### **ADMINISTRATIVE IMPLICATIONS**

CHE notes:

"Additional reporting and verification responsibilities could impact post-secondary institutions and the CHE. This legislation could require university registrars and financial aid administrators to certify all outside required courses, without an official system to track complex enrollment situations, appeals, qualifying semester and reimbursement awards.

The CHE would require an additional 1 FTE data analyst in order to collect new data in the Data Editing and Reporting (DEAR) system and to develop the reports necessary to assist institutions in compliance."

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The New Mexico Lottery Authority notes by allowing for an aggrieved student who wins an appeal to recover costs of books and fees from the lottery tuition fund, this bill may be in conflict with the New Mexico Lottery Act Section 6-24-23B as it relates to the language “to provide tuition assistance”. To address these concerns, the legislature may want to consider clarifying which source of funds would be used by public, post-secondary institutions to reimburse students.

## **TECHNICAL ISSUES**

The legislature may want to specifically limit the authorization to New Mexico public, post-secondary institutions.

CHE notes “careful consideration should be made to other sections of law relating to authorized tuition scholarships.”

## **OTHER SUBSTANTIVE ISSUES**

To evaluate impacts of potential changes to the lottery tuition scholarship program, the legislature may wish to consider requiring an annual review and reporting to the Legislative Finance Committee, Legislative Education Study Committee, Department of Finance and Administration and the Office of the Governor by:

1. New Mexico Lottery Authority on revenue situation and outlook and
2. Commission on Higher Education on
  - a. expenditure situation and outlook
  - fund balance situation and outlook
  - policy and fiscal impacts of each change to lottery scholarship program enacted by the 2004 legislature

## **POSSIBLE QUESTIONS**

1. Is it the intent of the legislature to apply this authorization only to those situations where courses at another institution are required?
2. Is this problem evident for students in the bridge semester?
3. Are there any issues relating to the methodology of calculating grade point averages for the affected students when courses are taken at more than one institution?

**AW/lg**