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FISCAL IMPACT REPORT

ORIGINAL DATE 1-25-2007

SPONSOR Lujan, B. LAST UPDATED _____ HB 307/aHEC

SHORT TITLE High School Graduate Scholarship Matches SB _____

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$50.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amends House Bill 307 such that;

- 1.) On page, 1, lines 15 and 16, strike the money amount and insert in lieu thereof “fifty thousand dollars (\$50,000)”.
- 2.) On page, 1, line 22, strike the money amount and insert in lieu thereof “fifty thousand dollars (\$50,000)”.

House Education Committee amends House Bill 307 by reducing the appropriation to \$50 thousand dollars.

Synopsis of Original Bill

House Bill 307 appropriates \$250 thousand from the General Fund to the New Mexico Higher Education Department (NMHED) for expenditure in FY07 and subsequent fiscal years for an equal match of higher education scholarships offered by a New Mexico-based nonprofit foundation. Applying foundations must have provided annual needs- and merit-based

scholarships to New Mexico (NM) high school students of at least \$100 thousand each year for the last five years. The state match will be used solely for scholarships and may not be used to defray administration costs at either the chosen foundation or the Higher Education Department.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of fiscal years shall not revert to the General Fund.

CONTINUING APPROPRIATIONS

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The bill includes language specifying that the match must go to a New Mexico-based, non-profit foundation with a five-year history of private donation at a minimum level of \$100 thousand dollars annually. The provision assists in identifying durable, locally focused non-profit foundations for this partnership.

The match provision is an effective method of leveraging state general fund appropriations in future periods of revenue uncertainty.

SIGNIFICANT ISSUES

Several NM based non-profit organizations award at least \$100 thousand in higher education merit-awarded and need-based scholarships to NM high school students. According to the New Mexico Community Foundation and the Albuquerque Community Foundation, they both exceed the minimum \$100 thousand annual criteria.

ADMINISTRATIVE IMPLICATIONS

The contract would be awarded through a request for proposal (RFP) and enter into a memorandum of understanding (MOU) with the selected non-profit to disburse the scholarships. Award criteria and methodology would need to be developed for both need and merit awards.

TECHNICAL ISSUES

To comply with anti-donation laws, funds must flow through New Mexico Higher Education Department.

POSSIBLE QUESTIONS

Would the foundation be required to continue awarding private money at the \$100 thousand annual level?

Would enactment of this legislation necessitate the promulgation of agency rules for the New Mexico Administrative Code (NMAC)?