

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 301

51st Legislature, 1st Session, 2013

Tracking Number: .191873.1

Short Title: NM Scholars Act Scholarship Eligibility

Sponsor(s): Senator Craig W. Brandt

Analyst: Travis Dulany

Date: February 12, 2013

Bill Summary:

SB 301 amends the *New Mexico Scholars Act* to increase to \$60,000 from \$30,000 per year the combined family income for eligibility for the *New Mexico Scholars Act* (see “Background,” below) scholarships. The combined family income eligibility maximum is to be adjusted at the beginning of each calendar year to reflect any change from the previous year’s consumer price index for all urban consumers, as published by the Bureau of Labor Statistics of the US Department of Labor.

Fiscal Impact:

SB 301 does not contain an appropriation.

Fiscal Issues:

The New Mexico Scholars program was funded \$1.0 million in FY 13. The Legislative Finance Committee appropriation recommendation for FY 14 is flat with FY 13 levels.

SB 301 does not change the amount appropriated by the Legislature for the New Mexico Scholars program.

Substantive Issues:

According to the Higher Education Department (HED):

- due to the current \$30,000 eligibility cap, the majority of two-year institutions are able to offer this scholarship to “very few students”;
- the department receives an appropriation of \$1.0 million each fiscal year from the Legislature;
- New Mexico postsecondary institutions receive a distribution based on resident, undergraduate students who are enrolled in 12 or more credit hours;
- according to expenditures from FY 12, approximately \$14,000 was utilized for two-year community colleges; and
- increasing the family income maximum to \$60,000 would expand the opportunity to those students attending the two-year branch campuses and community colleges throughout the state.

HED's website indicates that deadlines for applications for the scholarship are set by each institution.

According to the Public Education Department (PED), as of fall 2012 a total of \$347,000 was awarded by five postsecondary institutions, which translated into approximately 129 students in New Mexico who met eligibility requirements and received the scholarship.

According to the US Census Bureau, the median household income in New Mexico for 2007-2011 was \$44,631.¹ However, PED cites data indicating that the average household income for New Mexicans as of 2011 was \$41,963.

Finally, based on information from the Bureau of Labor Statistics, the following data show the consumer price index (CPI), as well as its demonstrated effect on the New Mexico Scholars program eligibility requirements had they been enacted in 2008, for the previous four years:

Year²	Annual Income	January 1 CPI	Increase/(Decrease)	Updated Income Maximum
2008-2009	\$60,000	-0.40%	(\$240)	\$59,760
2009-2010	\$59,760	1.60%	\$956.16	\$60,716
2010-2011	\$60,716	3.20%	\$1942.91	\$62,659
2011-2012 ³	\$62,659	1.70%	\$1065.2	\$63,724

Background:

Enacted in 1989, the *New Mexico Scholars Act* purposes to encourage New Mexico students to attend college in New Mexico, thereby making it possible for them to pursue their studies and develop their talents at both public school and higher education levels to the greater benefit of the state (Laws 1989, Chapter 212).

The scholarship may be awarded to a New Mexico high school graduate who:

- is a resident of New Mexico as determined by the definition of residency for tuition purposes as established by HED;
- will graduate or has graduated from a New Mexico high school and who enrolls in an eligible institution by the end of his or her 21st birthday;
- has met the admission requirements and is accepted for full-time enrollment as an undergraduate student at an eligible institution;
- has maintained a level of performance in high school reflected by an overall score of at least 25 on the ACT or SAT equivalent, or a high school class rank in the top 5.0 percent in the student's graduating class in either the student's junior or senior year;
- is a citizen of the United States or has a permanent resident visa; and
- has a total combined family income of no more than \$30,000 per year in either of the calendar years ending within the student's junior or senior years of high school or, in the case of a student whose immediate family has more than one family member enrolled full-time in an eligible postsecondary education institution, a total combined family

¹ <http://quickfacts.census.gov/qfd/states/35000.html>

² Data from January to January of each year.

³ Estimate based on data released January 16, 2013.

income of no more than an amount determined by HED to be equivalent to a \$30,000 total combined family income.

Committee Referrals:

SEC/SFC

Related Bills:

CS/SB 100 *Gen Richard T. Knowles Scholarship Program*

SB 451 *Lottery Scholarship Requirements & Debt*

HB 27 *Expand Lottery Scholarship Eligibility*

HB 28 *Lottery Scholarships at Tribal Colleges*

HB 247 *Military War Veteran Scholarship Fund*

CS/HB 280 *Gen. Richard T. Knowles Scholarship*

HB 309 *Lottery Scholarship Program Solvency*