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FISCAL IMPACT REPORT

ORIGINAL DATE 03/13/13

SPONSOR Stewart LAST UPDATED _____ HM 101

SHORT TITLE Lottery Tuition Fund Solvency Work Group SB _____

ANALYST Chavez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

- HB 27, Expanding Lottery Scholarship Eligibility
- HB 28, Lottery Scholarships at Tribal Colleges
- HB 309, Lottery Scholarship Solvency
- HB 586, Lottery Scholarship Requirements
- SB 451, Lottery Scholarship Requirements and Debt
- SB 613/SCONCS, Public Peace, Health, Safety and Welfare (Lottery Scholarship Program)
- SB 632/SJCS, Public Peace, Health, Safety and Welfare (Legislative Lottery Scholarship Program)
- SM 101, Lottery Tuition Fund Solvency Work Group (Duplicate)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 101 requests the Higher Education Department (HED), in cooperation with the Legislative Education Study Committee (LESC) and the Legislative Finance Committee (LFC), to form a work group to study the solvency of the lottery tuition fund and make recommendations.

The work group shall be co-chaired by the Secretary of Higher Education and the Director of Institutional Research at the University of New Mexico and composed of members as outlined in the memorial, including: legislative representatives or their designees; representatives of

institutions of higher education; including students; the director of the LFC or the director's designee; and the director of the LESC or the director's designee. Staff for the work group should be provided by the HED, the LFC, and the LESC.

The work group is tasked to compile the following data regarding the awards made from the lottery tuition fund if such data have been aggregated per student to the HED; if not, then recommend that the following data be provided each semester to the HED and LFC by each public higher educational institution that receives lottery funds:

- A. Grade point average;
- B. Financial need, as reported on the Free Application for Federal Student Aid;
- C. Declared major, if any;
- D. Number of classes and credits taken per semester;
- E. Number of semesters completed at the institution; number of semesters completed at other institutions, either previously or concurrently; and whether the completed semesters were consecutive;
- F. Amount of legislative lottery scholarship awards received to date;
- G. Any other financial aid received, including scholarships, grants, or loans;
- H. Attainment and name of the attained degree, if any;
- I. Disenrollment, if any; and
- J. Any other information that the work group deems relevant and appropriate.

In addition, the work group should study methods, and the efficacy and ramification of those methods, to increase the short-term and long-term solvency of the lottery tuition fund, including:

- A. Increasing the merit qualifications required of recipients;
- B. Increasing the financial-need qualifications required of recipients;
- C. Allowing one or more gap years before the commencement of enrollment and attendance at a public higher educational institution to allow time for maturation and work force experience;
- D. Providing additional sources of funding for the legislative lottery scholarship program;
- E. Reducing the amount of each, or certain, legislative lottery scholarship awards, including tiered awards based on a standardized balancing of recipient qualification criteria; and
- F. Any other measures that the work group deems relevant and appropriate.

The work group is requested to meet at least three times during the 2013 interim to synthesize research, data and analysis and discuss ways to make the lottery tuition fund solvent in a manner that most effectively serves state residents over the long term, and present its recommendations to the legislature by December 1, 2013.

FISCAL IMPLICATIONS

There is no appropriation for this work group; it is assumed that the financial costs of the study can be absorbed into existing operating budgets.

SIGNIFICANT ISSUES

The memorial notes that recent projections of the lottery tuition fund balances and revenues show that, in fiscal year 2014, the fund will be insufficient to be fully distributed to all qualified state resident students.

LFC analysis for a related bill notes that federal, state, and tribal governments; institutions; and other private sources provide financial assistance to students. The lottery scholarship is one of many state-funded, student aid programs. Revisions to this lottery scholarship program should be reviewed so that all sources and types (grant or loan) of financial aid are considered.

ALTERNATIVES

It is suggested the deadline for the work group presentation of recommendations be changed from December 1, 2013 to October 1, 2013, in order to be more in line with the HED and institutional budget timelines.

KC/blm