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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13

SPONSOR Brandt LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE NM Scholars Act Scholarship Eligibility SB 301

ANALYST Roberts

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act: Higher Education Department, New Mexico Scholars Program

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 301 (SB 301) amends Sections 21-21H through E to raise the maximum family income from \$30 thousand to \$60 thousand dollars. In addition, SB 301 proposes to annually adjust the maximum family income amount to reflect any change in the consumer price index for all urban consumers published by the bureau of labor statistics of the United States Department of Labor. Other proposed changes include:

- Removing “this act” from the short title and replaces it with Chapter 21, Article 21H-1,
- Definitions: changing to the term ‘commission’ with ‘department’ in reference to the Higher Education Department

### FISCAL IMPLICATIONS

No fiscal impact.

## **SIGNIFICANT ISSUES**

The New Mexico Scholars Act Scholarship was created in 1978 to encourage New Mexico high school students to attend public postsecondary institutions. Current eligibility requirements are:

- Be a New Mexico resident
- Graduate from a New Mexico high school in the top 5 percent of your class or have an ACT score of 25 or SAT equivalent
- Attend an eligible college or university by the end of their 21<sup>st</sup> birthday
- Be an undergraduate
- Be enrolled full time
- Have a combined household family income not to exceed \$30,000

This scholarship covers tuition, fees and books and is renewable for four years, if the student meets the established eligibility requirements.

In order to keep this scholarship competitive and increase the range of eligible students and expending the \$1 million dollars designated for this scholarship, the legislation proposes to increase the combined family income cap, which will expand eligibility for more students to receive this scholarship. In addition, this increased cap would include families who are in the average household income range. The census bureau's report indicates that the average household income for New Mexicans as of 2011 was \$41,963. Numbers for 2012 are not available until fall 2013.

The HED reports that because of the current \$30 thousand dollar cap, the majority of two-year institutions and colleges are able to offer this scholarship to very few students. Currently, the scholarship is awarded to New Mexico residents that have graduated from a New Mexico high school, that have met certain academic requirements, and have a family income of no more than \$30 thousand.

For FY13, the HED received \$1 million for this program. The Department spent \$1.24 million on this program in FY12. The funds are to be utilized among the 25 four and two year public postsecondary institutions in New Mexico. The post-secondary institutions receive a distribution based on resident, undergraduate students who are enrolled from 12 or more credit hours. Approximately 129 students in New Mexico, who met the eligibility requirements, received the scholarship in academic year 2011-2012.

This bill makes no change in the total amount appropriated by the legislature for this fund.

## **PERFORMANCE IMPLICATIONS**

Implementation of this bill would leverage PED's strategic levers one and three: 1) a smarter return on New Mexico's investment would and 2) the ready for success initiative.

MIR/svb:blm