

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** SB 146

**51st Legislature, 2nd Session, 2014**

**Tracking Number:** .195542.3

**Short Title:** Lottery Tuition Rates & Definitions

**Sponsor(s):** Senator Stuart Ingle

**Analyst:** Travis Dulany

**Date:** February 9, 2014

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**Bill Summary:**

SB 146 amends the general provisions relating to state educational institutions to limit tuition increases for lottery tuition scholarship recipients and changes the definition of “full-time student” to require 15 credit hours (rather than 12 credit hours).

Among its provisions, the bill:

- requires that the tuition rate in effect when a student first qualifies for the scholarship remain in effect for the remaining semesters in which the student qualifies; and
- excludes summer sessions.

**Fiscal Impact:**

SB 146 does not contain an appropriation.

**Fiscal Issues:**

New Mexico State University reports that SB 146 would require additional staff to process and track student cohorts.

The Higher Education Department (HED) reports that, under the provisions of SB 146, the department might be able to predict the costs more accurately for students receiving the Legislative Lottery Scholarship, but it would entail additional data collection to keep track of the actual tuition rate for each student.

**Substantive Issues:**

Information from HED from a June 2013 meeting of the Lottery Scholarship Fund Solvency Work Group (see “Background,” below), indicates a statewide average growth in tuition of 35 percent between FY 10 and FY 14. It may be important to note that, in prior years, a “tuition credit” was implemented, which reduced certain funding received by postsecondary institutions and may account for some tuition increases.

The University of New Mexico (UNM) states that, under the provisions of SB 146, higher fee increases and differential tuition rates could occur for various student segments. UNM also notes that changing the definition of full-time status from 12 credit hours to 15 credit hours is

“generally a good idea,” but it may cause confusion because federal Title IV provisions for financial aid use a definition of 12 credit hours for full-time.

## **Background:**

### ***Lottery Scholarship Fund Solvency Work Group***

The solvency of the Legislative Lottery Scholarship program has been a topic of concern in recent years. Expenditures have exceeded revenues, resulting in a depletion of the Fund. Expenses grew from \$53.3 million in FY 11 to a projected \$67.5 million for the current fiscal year, meanwhile revenues have remained between \$39.0 million and \$42.0 million.

During the 2013 legislative session, the Senate passed SM 101, *Lottery Scholarship Fund Solvency Work Group*, which requested HED to form a work group of various stakeholders, including the Director of the Legislative Education Study Committee (LESC) staff, to study the solvency of the Lottery Tuition Fund (Fund) and present the work group’s recommendations to the Legislature by December 1, 2013. The work group met several times throughout the 2013 interim and considered a number of methods for addressing Fund solvency, including:

- increased requirements for grade point average (GPA) and credit hours;
- front-end or back-end loading of tuition scholarships (e.g. providing full tuition scholarships during the first years of postsecondary education and reducing award amounts during the junior and senior years);
- decoupling the award amounts from tuition;
- limiting the scholarship to seven semesters instead of four consecutive years;
- awarding scholarships based on need; and
- awarding the lottery scholarship only after other scholarships and aid have been awarded.

LESC staff also provided a number of revenue options for the work group’s consideration.

Ultimately, the work group did not come to a consensus on any particular recommendations.

### ***Other Related Background***

Created by legislation enacted in 1996, the Legislative Lottery Scholarship is a renewable, full-tuition award<sup>1</sup> granted to qualifying students beginning in their second semester at a public postsecondary institution in New Mexico. The scholarship covers the cost of tuition only. Students are responsible for additional educational expenses such as student fees, course materials, and housing.

To qualify for the scholarship a student must:

- be a New Mexico resident;
- have graduated from a New Mexico public or accredited private school or have obtained a New Mexico graduate equivalent diploma;

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<sup>1</sup> To the extent that funds are made available by the Legislature from the Fund.

- enroll full-time (in at least 12 credit hours) at an eligible New Mexico public college or university, in the first regular semester immediately following high school graduation; and
- obtain and maintain a cumulative GPA of at least 2.5.

State law also provides for specific accommodations with regard to:

- students with disabilities; and
- individuals who either immediately enlist in, or have recently departed from, the US Armed Forces.

**Committee Referrals:**

SCC/SEC/SJC/SFC

**Related Bills:**

SB 141 *Limit Lottery Scholarship tuition Increases*

SB 150 *Lottery Scholarship Solvency*

\*SB 327 *Lottery Tuition Fund Act & Solvency*

\*SB 379 *Lottery Tuition Fund Solvency*

SM 23 *Tribal College Lottery Scholarship Exclusion* (Identical to HM 37)

HB 145 *Lottery Scholarship Changes*

\*HB 254 *Lottery Scholarship Solvency*

\*HB 263 *Lottery Scholarship Changes*

HB 348 *Legislative Lottery Tuition Waiver Act*

HM 37 *Tribal College Lottery Scholarship Exclusion* (Identical to SM 23)