

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 375

52nd Legislature, 1st Session, 2015

Tracking Number: .199247.1

Short Title: Branch Colleges in Tuition Scholarship

Sponsor(s): Representative Andy Nuñez and Others

Analyst: Travis Dulany

Date: February 16, 2015

Bill Summary:

HB 375 adds language to the *Legislative Lottery Tuition Scholarship Act* to distinguish branch community colleges from community colleges.

Fiscal Impact:

HB 375 does not contain an appropriation.

Fiscal Issues:

HB 375 creates a new sector¹ for branch community colleges, which will affect how sector averages are calculated when determining scholarship amounts (see “Background,” below).

According to the Higher Education Department (HED):

- the changes proposed in HB 375 would increase the tuition payment to the branch community colleges while reducing payments to the independent community colleges; however, the total enrollment at the branch campuses is lower than that of independent community colleges; and
- this tuition payment arrangement would result in an estimated net savings to the Lottery Tuition Fund of approximately \$125,500 per year.

Tuition costs among the state’s postsecondary institutions can be found in **Attachment 1**, *Full-time Tuition Reported to the Higher Education Department for 2014-2015*.

Technical Issues:

“Branch community college” is defined as a “public post-secondary educational institution established pursuant to Chapter 21, Article 16 NMSA 1978”; however, Article 16 is the *Technical and Vocational Institute Act*. This reference appears inconsistent with the apparent intent of the bill.

¹ As used in HED rule, sector refers to the category an institution falls under for the purpose of calculating scholarship amounts: community colleges, comprehensive institutions, or research institutions.

The sponsor may wish to consider amending the bill to define branch community colleges as a “branch community college of a state public post-secondary educational institution.”

Background:

FY 14 Lottery Scholarship Recipients

In FY 14, according to HED, there were at total of 32,070 Lottery Tuition Scholarship recipients among the three sectors (see **Attachment 2, FY14 Student Headcount and Lottery Scholarship Recipients**):

- 22,687 recipients at the research institutions;
- 3,036 recipients at the four-year comprehensive colleges; and
- 6,347 recipients at the two-year independent and branch community colleges.

2014 Legislation

Laws 2014, Chapter 80 made a number of changes to the Legislative Lottery Tuition Scholarship program, including:

- student eligibility;
- scholarship award amounts;
- a Lottery Tuition Fund annual average balance; and
- additional distributions to the Lottery Tuition Fund.

Student Eligibility

Two types of students are eligible to receive the Legislative Lottery Tuition Scholarship:

- legacy students, who are full-time resident students who had received the scholarship for three or more semesters by the end of FY 14 under the prior statutory provisions of the scholarship; and
- qualified students, who must either graduate from a public or accredited private New Mexico high school or receive a High School Equivalency Credential while maintaining residency in New Mexico and:
 - either:
 - immediately upon graduation or receipt of a credential be accepted for entrance to and attend a public postsecondary educational institution; **or**
 - within 120 days of completion of a high school curriculum or receipt of a High School Equivalency Credential begin service in the US Armed Forces and within one year of completion of honorable service or medical discharge from the service, attend a public postsecondary educational institution; **and**
 - successfully complete the first semester at a public postsecondary educational institution with a grade point average (GPA) of 2.5 or higher during the first semester of full-time enrollment.

Legacy students may receive the scholarship for a total of eight semesters, provided that the student:

- maintains residency in New Mexico;
- maintains a GPA of 2.5 or higher; and
- completes 12 or more credit hours per semester.

Qualified students may receive the scholarship for a total of seven semesters provided that the student:

- maintains residency in New Mexico;
- maintains a GPA of 2.5 or higher; and
- completes:
 - 15 or more credit hours if the student is attending a four-year public postsecondary educational institution; and
 - 12 or more credit hours if the student is attending a two-year public postsecondary educational institution.

Scholarship Award Amounts

The 2014 legislation requires the following:

- prior to June 1 each year, based on the amount appropriated from the Legislature and on the projected enrollment at all public postsecondary educational institutions, HED must:
 - determine the total amount of money available for all tuition scholarships for qualified students;
 - determine the uniform percentage by which to calculate tuition scholarships for qualified students attending any public postsecondary educational institution; and
 - notify all public postsecondary educational institutions of such determinations made by HED; and
- in determining distribution and award amounts for the tuition scholarship program, HED must:
 - maintain the minimum fund balance;
 - distribute to all public postsecondary educational institutions an amount not to exceed the remaining balance in the fund; and
 - distribute to each public postsecondary educational institution an amount based on:
 - the projected enrollment at each comprehensive, research, or state educational institution of qualified students in their second through eighth semesters, including qualified students in their fifth through eighth semesters who transferred from a community college;
 - the projected enrollment at each community college of qualified students in their second through fourth semesters; and
 - a uniform percentage of the average of in-state tuition costs charged by:

- ✓ research institutions for each research institution;
- ✓ comprehensive institutions for each comprehensive institution; and
- ✓ community colleges for each community college.

Although the language in statute requires that HED determine, prior to June 1 of each year, the uniform percentage by which to calculate scholarships for students, HED appears to have determined award amounts on a semester-by-semester basis for FY 15. For fall 2014, students received scholarships equal to 100 percent of the average tuition costs among the different types of institutions; for spring 2015, students are receiving 95 percent of these average tuition costs.²

The sector average tuition costs for academic year 2014-2015 are:

- \$2,519.42 for research institutions;
- \$1,570.86 for comprehensive institutions; and
- \$643.41 for community colleges.

Lottery Tuition Fund Annual Average Balance

The *Legislative Lottery Tuition Scholarship Act* requires that the Lottery Tuition Fund must maintain an annual average balance of \$2.0 million.

Additional Distributions to the Lottery Tuition Fund

The 2014 legislation:

- appropriated \$11.0 million from the Student Financial Aid Fund of HED to the Lottery Tuition Fund for expenditure in FY 14 and subsequent fiscal years; and
- provided for, from July 1, 2015 to July 1, 2017, a distribution of 39 percent of the net receipts attributable to the *Liquor Excise Tax* to be made to the Lottery Tuition Fund.

Related Background

Created by legislation enacted in 1996, the Legislative Lottery Scholarship is a renewable award granted to qualified 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.

Under the newly enacted *Legislative Lottery Tuition Scholarship Act*, a student must:

- maintain residency in New Mexico;
- have graduated from a public or accredited private New Mexico high school or have obtained a New Mexico High School Equivalency Credential while maintaining New Mexico residency;

² Several institutions have indicated that they will cover the remaining 5.0 percent not covered by the Legislative Lottery Tuition Scholarship.

- enroll full-time (in at least 15 credit hours, or 12 credit hours for legacy students and community college students) at an eligible New Mexico postsecondary educational institution immediately upon graduation; and
- attain and maintain a 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:

HEC/HWMC

Related Bills:

HB 260 *Santa Fe Community College Higher Ed Center*

HB 429 *Lottery Scholarships for Home School*

HM 64 *“Community College Day”*

SB 357 *High School Equivalency Credentials*

SB 409 *Santa Fe Community College Auto Program*

SB 410 *Santa Fe Community College Radiography Tech*

SB 521 *Lottery Scholarships for Home School*

SJM 12 *Review Branch & Community Colleges*

SM 58 *“Community College Day”*

**Full-time Tuition Reported to the Higher Education Department
for 2014-2015**

Institution	2014-2015 In-state Tuition per semester
Research Institutions	
New Mexico Institute of Mining and Technology	\$ 2,648.90
New Mexico State University (NMSU)	\$ 2,574.90 ¹
University of New Mexico (UNM)	\$ 2,503.35 ²
Comprehensive Institutions	
Eastern New Mexico University (ENMU)	\$ 1,532.40
New Mexico Highlands University	\$ 1,596.00
Northern New Mexico College	\$ 1,374.00
Western New Mexico University	\$ 1,781.04
Community Colleges	
ENMU-Roswell	\$ 720.00
ENMU-Ruidoso	\$ 468.00
NMSU-Alamogordo	\$ 936.00
NMSU-Carlsbad	\$ 444.00
NMSU-Dona Ana	\$ 720.00
NMSU-Grants	\$ 900.00
UNM-Gallup	\$ 727.20
UNM-Los Alamos	\$ 831.00
UNM-Taos	\$ 864.00
UNM-Valencia	\$ 735.60
Central New Mexico Community College	\$ 600.00
Clovis Community College	\$ 468.00
Luna Community College	\$ 420.00
Mesalands Community College	\$ 576.00
New Mexico Junior College	\$ 420.00
San Juan College	\$ 492.00
Santa Fe Community College	\$ 474.00
NMMI	\$ 785.50

¹ According to the Higher Education Department, NMSU reported a tuition rate of \$2,406; however, the tuition being charged by NMSU for qualified students taking 15 credit hours in fall of 2014 was \$2,574.90.

² Both UNM and NMSU offer reduced tuition for students taking 15 or more credit hours.

FY14 Student Headcount and Lottery Scholarship Recipients¹			
Institution	Student Headcount	Lottery Scholarship Recipients	Scholarship Recipients as Percentages of Total Students
NM Tech	2,127	1,080	50.8%
NMSU	15,829	7,385	46.7%
UNM	28,006	14,222	50.8%
RESEARCH SECTOR TOTAL	45,962	22,687	49.4%
ENMU	5,887	1,767	30.0%
NMHU	3,546	520	14.7%
NNMC	1,349	319	23.6%
WNMU	3,557	430	12.1%
COMPREHENSIVE SECTOR TOTAL	14,339	3,036	21.2%
ENMU-Roswell	2,866	343	12.0%
ENMU-Ruidoso	922	101	11.0%
NMSU-Alamogordo	2,095	132	6.3%
NMSU-Carlsbad	1,852	123	6.6%
NMSU-Dona Ana	8,448	1,095	13.0%
NMSU-Grants	942	60	6.4%
UNM-Gallup	2,409	113	4.7%
UNM-Los Alamos	865	80	9.2%
UNM-Taos	1,835	100	5.4%
UNM-Valencia	2,364	324	13.7%
Central NM CC	26,894	2,503	9.3%
Clovis CC	3,747	144	3.8%
Luna CC	1,451	85	5.9%
Mesalands CC	708	39	5.5%
New Mexico Junior College	2,931	140	4.8%
San Juan College	7,786	496	6.4%
Santa Fe CC	6,355	454	7.1%
NMMI	457	15	3.3%
COMMUNITY COLLEGE SECTOR TOTAL	74,927	6,347	8.5%

¹ Source: HED *Legislative Lottery Scholarship Report* December 2014