

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number:** HM 112

**52nd Legislature, 1st Session, 2015**

**Tracking Number:** .200834.1

**Short Title:** Tuition Scholarship Amounts & Notices

**Sponsor(s):** Representative Bill McCamley

**Analyst:** James Ball

**Date:** March 4, 2015

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**Bill Summary:**

HM 112 requests the Higher Education Department (HED) to adhere to statutory and regulatory requirements to make available to the public annually by June 1:

- the scholarship amounts to be awarded for both fall and spring semesters; and
- the percentage used to calculate legislative lottery tuition scholarships.

HM 112 further resolves that copies of the memorial be transmitted to:

- the Secretary of HED; and
- boards of regents or governing bodies of public postsecondary institutions providing legislative lottery tuition scholarships.

**Fiscal Impact:**

Legislative memorials do not carry appropriations.

**Fiscal Issues:**

HM 112 states that HED is not reporting scholarship amounts, and the percentage used to calculate legislative lottery tuition scholarships annually by June 1 which impedes students' ability to plan for their college expenses.

According to the HED *Legislative Lottery Scholarship Report* from December 2014, total FY 14 revenues for the Legislative Lottery Tuition Scholarship program were approximately \$60.5 million, including nearly \$41 million in New Mexico Lottery Authority (NMLA) revenues. Meanwhile, FY 14 expenditures for the scholarship program were approximately \$66.8 million.

**Substantive Issues:**

According to the NMLA, the Legislative Lottery Tuition Scholarship has played a significant role in the marketing and public relations campaigns of the New Mexico Lottery since the scholarship's inception in 1996. Traditionally, lottery scholarships have covered 100 percent of tuition for eligible students attending New Mexico public postsecondary educational institutions; however, as scholarship expenditures began to exceed revenues in recent years, measures were taken during the 2014 legislative session to prepare for less-than-100 percent scholarship awards

(see “Background,” below), and scholarship recipients for the spring 2015 semester are being awarded scholarships equal to 95 percent of institutional average tuition. As the NMLA works toward solutions to increase revenues, any additional funds to cover student scholarships may help to promote the New Mexico Lottery as a service to New Mexico students and potentially aid lottery sales.

## **Background:**

### ***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.

### **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.<sup>1</sup>

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 Tuition 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;

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<sup>1</sup> 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

**Related Bills:**

HB 375 *Branch Colleges in Tuition Scholarship*  
HB 427 *Resident Tuition for Veteran Family Members*  
HB 429 *Lottery Scholarships for Home School*  
HB 460 *Study Lottery Tuition Recipient Mentoring*  
HM 93 *Year-round Legislative Lottery Scholarship*  
SB 286 *Forfeited Lottery Prizes to Tuition Fund*  
CS/SB 355 *Purchase of Lottery Tickets with Card*  
SB 521 *Lottery Scholarships for Home School*  
SM 108 *Tuition Scholarship Amounts & Notices (Identical)*