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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/17

SPONSOR Stefanics LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Disabilities Students Lottery Scholarships SB 188

ANALYST Dulany

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

|              | FY17                              | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected        |
|--------------|-----------------------------------|------|------|-------------------|---------------------------|----------------------|
| <b>Total</b> | Minimal – See Fiscal Implications |      |      |                   | Recurring                 | Lottery Tuition Fund |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 194, HB 237, HB 250, SB 192, SB 276

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Governor’s Commission on Disability (GCD)  
 Higher Education Department (HED)  
 Western New Mexico University (WNMU)  
 Central New Mexico Community College (CNM)

### SUMMARY

#### Synopsis of Bill

Senate Bill 188 amends the Legislative Lottery Tuition Scholarship Act to extend scholarship eligibility to New Mexico residents who had to leave the state to receive a high school education pursuant to the federal Individuals with Disabilities Education Act (IDEA) and otherwise meet the qualifications for a tuition scholarship.

### FISCAL IMPLICATIONS

It is unclear how many additional students would become eligible for the lottery scholarship if SB 188 is enacted. The impact to the lottery tuition fund, however, is expected to be minimal according to both HED and CNM.

According to the HED's annual report, the department issued 29.7 thousand scholarships in FY16. Assuming an average 3 percent tuition increase and level base scholarship participation, a 1 percent increase in scholarship participation (about 300 students) in FY18 could result in an additional \$486.7 thousand in scholarship costs. Total lottery revenues for scholarships in FY18 are estimated to be \$48.5 million. This would result in a 1 percent or less change in scholarship award amounts to students, depending on the distribution of the additional 300 students.

## **SIGNIFICANT ISSUES**

The Legislative Lottery Tuition Scholarship Act defines a qualified student as “a full-time student who graduated from a public or accredited private New Mexico high school or who received a high school equivalency credential while maintaining residency in New Mexico...” Under the provisions of SB 188, a student who needed to go out of state for high school, perhaps to attend a school that addresses special needs, would also be eligible for the scholarship.

HED reports students with exceptional mitigating circumstances are exempted from certain eligibility requirements for the scholarship as long as the student can provide documentation relating to their circumstances. HED indicates it has exempted two students in recent years who graduated from out-of-state high schools, but maintained New Mexico residency, from the New Mexico high school eligibility requirement. HED states these exemptions were granted because the students' parents were in the military and the families were forced to relocate as part of military service prior to the student's high school graduation. HED indicates it has not received any exceptional mitigating circumstance waiver requests from students who had to attend an out-of-state high school due to a disability in recent years.

To apply for an exemption to lottery scholarship eligibility requirements, students must apply to the department, often through the college or university they attend. SB 188 would prevent students outlined in the bill from having to apply for exemption to HED.

GCD suggests this bill ensures equal opportunity for a student who needs to attend a residential school or other specialized education program out of state.

## **ADMINISTRATIVE IMPLICATIONS**

As noted by the CNM analysis, postsecondary educational institutions will need to collect additional documentation concerning a student's attendance at an out-of-state high school due to reasons related to IDEA.

## **RELATIONSHIP**

HB 194, HB 237, HB 250, SB 192, and SB 276 amend the New Mexico Lottery Act or the Legislative Lottery Tuition Scholarship Act and may have an effect on eligibility for the scholarship or potential lottery revenues.

TD/al