

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 28

51st Legislature, 1st Session, 2013

Tracking Number: .190656.1

Short Title: Lottery Scholarships at Tribal Colleges

Sponsor(s): Representative Eliseo Lee Alcon and Others

Analyst: Travis Dulany

Date: February 28, 2013

Bill Summary:

Among its provisions, HB 28 amends the *New Mexico Lottery Act* to:

- include resident undergraduates at tribal colleges in the Legislative Lottery Scholarship program; and
- include tribal colleges in the distribution of tuition assistance.

HB 28 also creates a new section of law controlling the award of the scholarships. Among its provisions, this new section:

- defines *tribal college* to mean a tribally, federally, or congressionally chartered postsecondary educational institution located in New Mexico that is accredited by the North Central Association of Colleges and Schools;
- allows tribal colleges to award tuition scholarships for qualified resident students to the extent that funds are made available by the Legislature from the Lottery Tuition Fund; and
- authorizes the awarding of scholarships for up to four consecutive years, beginning the second semester of the recipient's first year of enrollment, only to full-time resident students who, upon completion of a high school curriculum at a public or accredited private high school or receiving a general educational development (GED) certificate:
 - immediately are accepted to and attend a tribal college;
 - maintain residency in New Mexico; and
 - maintain a 2.5 or higher grade point average (GPA) on a 4.0 scale during the first semester of enrollment.

Furthermore, HB 28 authorizes awards to full-time resident students who:

- within 120 days of completing a high school curriculum at a public or accredited private high school or receiving a GED certificate, begin service in the US armed forces; and
- within 120 days of completion of honorable service or medical discharge are accepted for entrance to and attend a tribal college.

Finally, the bill requires the Higher Education Department (HED) to:

- prepare guidelines outlining student continuing eligibility criteria, as well as guidelines for administration of the tuition scholarship program at tribal colleges;
- distribute these guidelines to governing boards of each tribal college to enable uniform scholarship availability; and
- enter into agreements with tribal colleges that allow for financial and programmatic audits of the scholarship program.

Fiscal Impact:

House Bill 28 makes no appropriation.

Fiscal Issues:

According to HED, there are four tribal colleges in New Mexico that meet the criteria outlined in HB 28:

- Southwest Indian Polytechnic Institute (SIPI);
- Diné College;
- Institute of American Indian Arts; and
- Navajo Technical College.

However, HED’s analysis for HB 28 further notes that SIPI does not charge tuition and accepts only students who meet its tribal affiliation criteria, leaving the remaining three tribal colleges eligible to receive reimbursements from the Lottery Tuition Fund.

An HED review of the aforementioned colleges revealed that, under the provisions of HB 28, an estimated 230 additional students would be eligible for the scholarship, at a cost of approximately \$249,000 per academic year based on current tribal college tuition rates.

HED also projects that, under the current conditions, the Lottery Tuition Fund will be depleted by FY 14; the department anticipates a \$23.0 million funding shortfall in FY 14. The New Mexico Lottery Authority (NMLA) states that passage of HB 28 would “create an undetermined liability on the Lottery Tuition Fund, accelerating the predicted shortfall on the Fund’s balance.”

According to the Fiscal Impact Report for HB 28, in FY 12 the Lottery Tuition Fund paid \$58.3 million in scholarships. In prior testimony to the Legislative Education Study Committee, representatives from the NMLA stated that the Authority anticipates flat net revenues of approximately \$41.0 million over the next several years. The remaining difference required to fund the scholarships is drawn from the balance of the Lottery Tuition Fund.

Substantive Issues:

Provisions regarding scholarship eligibility for US armed forces members in HB 28 vary from similar provisions in current law. According to current statute, full-time students are eligible to receive the Legislative Lottery Scholarship if the student:

- within 120 days of completion of a high school curriculum at a public or accredited private New Mexico high school, or of receiving a graduate equivalent diploma, begins service in the US armed forces; and
- within one year of completion of honorable service or medical discharge from the service attends one of New Mexico's public postsecondary institutions.

Meanwhile, under the provisions of HB 28, full-time students must be accepted for entrance to and attend a tribal college within 120 days of completion of honorable service or medical discharge from the service in order to receive the scholarship.

Background:

Created by legislation enacted in 1996, the Legislative Lottery Scholarship is a renewable, full-tuition award granted to qualifying students beginning in their second semester at a public postsecondary institution in New Mexico and continuing for seven more consecutive semesters. 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 GED certificate;
- 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 or GED certificate completion; and
- obtain and maintain a cumulative GPA of at least 2.5 on a 4.0 scale.

State law also provides for specific accommodations with regard to:

- students with disabilities;
- students whose parents are in the military; and
- individuals who immediately enlist in, or have recently departed from, the US armed forces.

Similar legislation was introduced in 2009, 2010, and 2011, but did not pass.

Committee Referrals:

HHGIAC/HEC/HAFC

Related Bills:

- CS/HB 27 *Expand Lottery Scholarship Eligibility*
- HB 283 *Tribal College Dual Credit Program Fund* (Identical to SB 303)
- CS/HB 309 *Lottery Scholarship Program Solvency*
- HB 586 *Lottery Scholarship Requirements*
- SB 303 *Tribal College Dual Credit Program Fund* (Identical to HB 283)
- CS/SB 392 *Lottery Tuition Fund Distributions*
- SB 451 *Lottery Scholarship Requirements & Debt*