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FISCAL IMPACT REPORT

ORIGINAL DATE 01/22/13

SPONSOR Alcon LAST UPDATED _____ HB 28

SHORT TITLE Lottery Scholarships at Tribal Colleges SB _____

ANALYST Hartzler-Toon

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	(\$249.1)	(\$249.1)	Recurring	Lottery Tuition Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$2.0	\$2.0	\$4.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act, Higher Education Department, Student Financial Aid Program, Other State Funds.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Lottery Authority (NMLA)

No Responses Received From

Intertribal Ceremonial Office (ICO)

Council of University Presidents (CUP)

New Mexico Association of Community Colleges (NMACC)

New Mexico Independent Community Colleges (NMICC)

SUMMARY

Synopsis of Bill

The Lottery Scholarships for Tribal Colleges Bill makes technical corrections to Sections 6-24 NMSA 1978 and adds a new section of law to allow students attending tribal colleges to receive

lottery tuition scholarships under the same criteria as students attending public postsecondary institutions in New Mexico.

FISCAL IMPLICATIONS

While the bill does not change the academic requirements for the legislative lottery scholarship, the bill would make students attending tribal colleges in New Mexico eligible for the scholarships. The department estimates that 230 students attending these schools would be eligible to receive the legislative lottery scholarship, at a cost of approximately \$249 thousand per year. UNM estimates small costs in the operating budget.

SIGNIFICANT ISSUES

Both the Higher Education Department (HED) and the Legislative Finance Committee (LFC) have reported the lottery tuition fund will have insufficient resources to meet the estimated full costs of tuition scholarships in FY14. In FY12, the lottery tuition fund paid \$58.3 million in scholarships. For FY14, the Department of Finance and Administration (DFA) submitted a budget recommendation of the FY13 budgeted expenditures of the legislative lottery scholarship program: \$54.5 million, \$44.2 million from lottery revenues and \$10.3 million from lottery tuition fund balance. The FY12 actual expenditures for the program totaled a minimum of \$58 million. The LFC's FY14 recommendation estimated FY13 scholarship costs would total \$60.2 million, \$42.2 million from lottery sales and \$18 million from fund balance.

While current law limits the HED to awarding tuition scholarships up to available lottery fund revenues, the department estimates an additional \$23 million in revenues would be required to meet full tuition scholarship demand. Without additional revenues, the HED is required to reduce scholarship amounts to the amount of available revenues.

Under this bill, students would be eligible if they attend one of New Mexico's four tribal colleges: Dine College, Southwestern Indian Polytechnic Institute (SIPI), Institution of American Indian Arts, and Navajo Technical College. The academic year 2012-2013 annual tuitions range from \$675 to \$3,390, so full tuition scholarships for students attending these institutions would be less than students attending the state's research institutions and most comprehensive universities.

PERFORMANCE IMPLICATIONS

There are no performance measures for tribal colleges as there are public postsecondary institutions. Upon enactment of this bill, the HED may consider adding performance indicators for these institutions that report semester-to-semester or fall-to spring semester progress, graduation rates, or transfer rates.

ADMINISTRATIVE IMPLICATIONS

As the agency charged with administering the legislative lottery scholarship program, the HED reports that it would need to enter memoranda of understanding with each of the tribal colleges to verify student eligibility. The department may also include provisions on scholarship payments and reporting performance measures.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB28 is similar to bills introduced in prior legislative sessions: HB709 (48th Session), HB102 (49th Session), and HB92 (50th Session). This bill relates to the HED's student financial aid appropriation in Section 4 of the General Appropriation Act.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Students who attend tribal colleges located in New Mexico will not be able to eligible to receive the legislative lottery scholarship.

THT/bm