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FISCAL IMPACT REPORT

SPONSOR Nibert/Ezzell/Pettigrew LAST UPDATED _____
ORIGINAL DATE 1/26/23
SHORT TITLE NMMI Legislative Scholarship Program BILL NUMBER House Bill 145
ANALYST Helms

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			
Total						

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From

New Mexico Military Institute (NMMI)

Higher Education Department (HED)

SUMMARY

Synopsis of House Bill 145

House Bill 145 (HB145) proposes to amend Section 21-12-12 NMSA 1978 to strike language limiting the General Richard T. Knowles legislative scholarship to a four-year term. House Bill 145 would also absent the current scholarship candidate selection deadline of July 1 of each year.

FISCAL IMPLICATIONS

HB145 does not contain an additional appropriation. For FY24, HED, the Department of Finance and Administration, and Legislative Finance Committee recommendations concur on continuing to fund the Knowles Legislative Scholarship in the amount of \$1.34 million from the general fund.

SIGNIFICANT ISSUES

The Knowles Legislative Scholarship allows each of New Mexico's 112 legislators to nominate a student from their district for the scholarship. Minimum eligibility requirements established by

the NMMI Board of Regents include New Mexico residency, a minimum GPA, letters of recommendation, and either an application for NMMI or being a current cadet in good standing.

The NMMI academic year begins in mid-August. The July 1 deadline renders ineligible students who may transfer to NMMI later in the year who could otherwise qualify for the scholarship, and the deadline could prevent eligible students from discovering the scholarship closer to the beginning of the year.

NMMI is distinct in New Mexico, as it contains both a high school and a 2-year junior college. Students who start at NMMI in their first year of high school can be at NMMI for six years if they complete both high school and two years of junior college on time. NMMI's FY21 annual report showed 51 percent of its students were enrolled in high school, with the remaining 49 percent in junior college. Ninety-two percent of student benefit from the Knowles Legislative Scholarship, and NMMI records indicate the scholarship is both an important statewide recruitment tool and an incentive diversifying socioeconomic backgrounds at the school.

NMMI analysis indicates the four-year term limit for the scholarship creates a financial burden on 5th and 6th year cadets who wish to stay at NMMI and thus creates risk of losing students; NMMI Board of Regents also has a policy where students cannot exceed the age of 22 during the academic year, which ensures students would not receive scholarship funding past six years.

While HB145 does not contain an additional appropriation to the scholarship, if the scholarship term was increased, the scholarship fund would need to support additional years for each student staying past four years. NMMI records indicate as the cost of living has increased, the yearly scholarship appropriation of \$1.35 million has not sufficiently met the school's initial intent to cover a minimum of 50 percent of funding for each recipient. Currently, each year of funding covers roughly 40 percent of student costs. At an LFC meeting in FY23, NMMI had requested a funding increase to a yearly appropriation of \$1.76 million to cover each year's costs.

However, the scholarship fund balance has grown since it was established in 1989 to roughly \$16 million as of FY22. Additionally, NMMI analysis for HB145 does not indicate a need for additional funds and indicates that both loss of students through attrition and the Knowles Scholarship fund balance would cover the costs of 5th and 6th year scholarship students.

SH/rl/ne