NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

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### FISCAL IMPACT REPORT

SPONSOR:	Taylor, JG	DATE TYPED:	03/02/01	HB	905
SHORT TITLE: Equalize Athletic Sch		olarships		SB	
			ANALY	YST:	Fernandez

## **APPROPRIATION**

Appropriation Contained		Estimated Additional Impact		Recurring	Fund
FY01	FY02	FY01	FY02	or Non-Rec	Affected
	\$ 441.6			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB906

### SOURCES OF INFORMATION

LFC Files

Commission on Higher Education (CHE)

#### **SUMMARY**

Synopsis of Bill

House Bill 905 appropriates a total of \$441.6 from the general fund to various post-secondary institutions for athletics.

## Significant Issues

According to CHE, when NCAA intercollegiate athletic scholarships were established, institutions received an appropriation to provide the allowable number of scholarships at the tuition and fee rate actually charged by the institution. Subsequently, each year the athletic appropriation for scholarships has been increased by the tuition credit included in the General Appropriation Act.

Because institutions increase tuition by rates higher than the tuition credit included in the General Appropriation Act, a gap is created between the appropriation for athletics and the cost to cover actual athletes' tuition fees.

### FISCAL IMPLICATIONS

# House Bill 905 -- Page 2

The appropriation of \$441.6 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

The funds are appropriated as follows:

¢162.470	Mary Marriag Highlanda Hnivensity
\$163,479	New Mexico Highlands University
\$ 87,464	Western New Mexico University
\$114,829	University of New Mexico
\$ 64,999	New Mexico State University
\$ 10,867	Eastern New Mexico University
\$441,638	•

### CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

This bill relates to HB906. HB906 amends existing statute to require that increases in the actual tuition rate be used when calculating increases for athletic scholarships.

### **TECHNICAL ISSUES**

According to CHE the bill should indicate that funds shall be non-reverting.

### **OTHER SUBSTANTIVE ISSUES**

Included in the CHE FY02 request for higher education, was \$181.6 to fund the incremental cost of athletic scholarships in FY02 for various institutions. This request was based on the 4 percent tuition credit recommended by the CHE in FY02 plus another 4 percent to compensate institutions for what they did not receive in FY01. The total amount requested by CHE for FY01 was \$90.8. The request for \$90.8 for FY01 was not recommended by the LFC.

## POSSIBLE QUESTIONS

1. Why should the State bear the cost for the funding gap created by institutions when they raised tuition by amounts greater than the tuition credit?

CTF/ar