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FISCAL IMPACT REPORT

SPONSOR: Taylor DATE TYPED: 02/06/03 HB 120

SHORT TITLE: Student Teacher Scholarship Program SB _____

ANALYST: Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$500.0			Recurring	Student Teacher Scholarship Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$500.0)		Recurring	General Fund
	\$500.0		Recurring	New Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Commission on Higher Education (CHE)
 State Department of Education (SDE)

SUMMARY

Synopsis of Bill

House Bill 120 appropriates \$500.0 from the general fund to the student teacher scholarship fund for the purpose of establishing a student teacher scholarship program to encourage pursuit of teaching as a career and retention within the teaching profession. CHE would develop a system to award full tuition scholarships to qualifying students for the student-teaching semester. Selection criteria would include academic performance, campus involvement, letters of recommendation and personal commitment.

The bill creates the student teacher scholarship fund, a non-reverting fund. Administration expenses for CHE to be borne by the fund are capped at three percent.

Significant Issues

This is a Legislative Education Study Committee-sponsored bill.

CHE and SDE note the extent of the teacher shortage problem in New Mexico.

CHE notes the bill does not require service in New Mexico upon receipt of a degree. The current New Mexico Teacher Loan-for-Service program requires teachers to provide service in an underserved area for up to three years.

SDE notes the bill is consistent with the department's strategic issue of Quality Teachers, Principals and Administrators.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year would not revert to the general fund.

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

The LFC budget recommendation for FY04 includes \$11.5 million of general fund, or a \$1 million increase for the State Student Incentive Grant, a need-based financial aid program, as well as \$99,800 of general fund for the Teacher Loan-for-Service financial aid program. The existing teacher loan-for-service program awards financial aid throughout the degree program, including the student teaching semester, but is need-based.

In addition, the LFC budget recommendation includes a \$1 million appropriation of federal Temporary Assistance to Needy Families to the proposed program development enhancement fund to be administered by CHE. These funds are targeted to enhance postsecondary education opportunities for persons below the 200 percent poverty level. It is anticipated participants may be male or female, with or without children. Support for the participants will be in the form of tuition for full time students (12 or more credit hours) enrolled in program that result in professional nursing or teacher certification.

ADMINISTRATIVE IMPLICATIONS

CHE is authorized to use up to three percent of the fund for program administration. CHE indicates the bill would have a "serious impact" on the current staff workload, and additional staff support would be needed. CHE is authorized to develop rules, internal procedures and selection criteria for scholarship recipients.