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## FISCAL IMPACT REPORT

SPONSOR: SFC DATE TYPED: 03/19/03 HB \_\_\_\_\_

SHORT TITLE: Tuition Scholarship Eligibility SB 896/SFCS

ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$200.0	Recurring	Lottery Tuition Scholarship

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 27, SB 77, SB 217, SB 373, SB 377

Relates to HB 32, HB 81/a, HB 125, HB 171/a, HB 807, HB 885

### **SOURCES OF INFORMATION**

LFC Files

No Response Received

Commission on Higher Education

### **SUMMARY**

#### Synopsis of Bill

Senate Finance Committee Substitute for Senate Bill 896 extends eligibility for lottery tuition scholarships to include qualifying students who are dependents of New Mexico residents stationed outside of New Mexico due to active duty in the United States armed forces. The individual claiming the dependent must claim New Mexico as his/her domicile for income tax purposes for the entire period of active duty. These students may qualify by completing a high school curriculum at any public or private accredited high school and immediately attend a qualifying New Mexico educational institution. In addition, lottery scholarship eligibility would be retained by individuals who enter the United States armed forces within a 120 day window of completion and who subsequently attend a state postsecondary educational institution within 120 days of honorable service or medical discharge.

Significant Issues

The federal government provides the Montgomery GI Bill- Active Duty as a military recruitment benefit. The program provides up to 36 months of education benefits, and generally benefits are payable for ten years following release from active duty. The Veterans Administration (VA) also reimburses for some licensing and certification tests. On October 20, 2000, the President signed an amendment to the Montgomery GI Bill to authorize the VA to pay a Tuition Association Top-up benefit. The benefit is equal to the difference between the total cost of a college course and the amount of tuition assistance paid by the military for the course. Certain branches may offer unique programs such as the Army College Fund. Further, the military offers the Montgomery GI Bill- Selected Reserve program for educational assistance benefits for members of the reserves.

**FISCAL IMPLICATIONS**

The fiscal impact is expected to be minimal from the component of the bill to extend lottery tuition scholarships to include qualifying students who are dependents of New Mexico residents stationed outside of New Mexico due to service in the armed forces.

The extension of lottery scholarship eligibility to those students first serving in the armed forces, then attending state post-secondary institutions is difficult to estimate, but could be about \$200.0 in the first year. The potential implications are two-fold: 1) There would be a potential delay in costs for students pursuing military service for three to four-years, then seeking post-secondary educational opportunities and 2) There would be an increase in costs for individuals in the military deciding to pursue post-secondary educational pursuits as a result of this legislation. This analysis estimates this impact at roughly two percent of lottery scholarship recipients.

**TECHNICAL ISSUES**

On page 3, between lines 19 and 20: The Legislature may want to consider adding a potential qualification for individuals receiving a graduate equivalent diploma.

On page 4, line 3: The reference to (d) is unclear.

To avoid potential unintended consequences based on timing of military discharge, the Legislature may want to consider changing the window to attend a post-secondary institution to attendance during the upcoming semester of the academic year.

AW/njw