

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Jennings DATE TYPED 03-13-05 HB _____

SHORT TITLE NMMI Legislative Scholarship Fund SB 746/aHEC

ANALYST Woods

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Commission on Higher Education (CHE)
 New Mexico Military Institute (NMMI)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment further clarifies that the fund was established to implement the General Richard T. Knowles legislative scholarship program.

Synopsis of Original Bill

Senate Bill 746 – Relating to New Mexico Military Institute; Providing for the Transfer of Certain Budget Balances to the Legislative Scholarship Fund; Making an Appropriation – seeks to authorize the Board of Regents of the New Mexico Military Institute, with the approval of the Commission on Higher Education, to transfer up to \$500,000 of the institute's budget balances to the legislative scholarship fund each fiscal year.

There is no appropriation attached to this legislation.

Significant Issues

NMMI indicates that this program was established in honor of former legislator, Lieutenant General Richard Knowles, and permits legislators to nominate New Mexico students to attend the

institute.

The institute further notes that this legislation would authorize NMMI to transfer up to \$500,000 per year from excess fund balances to the Knowles Legislator Scholarship Fund. This program is currently under-funded and NMMI's goal is to stabilize the current program and then expand to full scholarships when funding permits. Not only would the legislation increase usage of scholarships in all districts and make attendance possible for those without the financial resources, but it would eventually provide legislators with the means to award full, four year scholarships to those students meeting program criteria.

FISCAL IMPLICATIONS

NMMI observes that a full scholarship presently costs approximately \$7,500 per year, further that the corpus of the scholarship fund is currently some \$2,500,000. NMMI projects that an additional \$6,000,000 is needed to support the program.

NMMI adds that increases in the Permanent Fund distributions made possible by Constitutional Amendment (intended to improve education) make the transfers possible from increased ending balances.

ADMINISTRATIVE IMPLICATIONS

The institute suggests that scholarship award amounts are not currently specified in statute, therein leaving the NMMI Board of Regents the discretion to administer a scholarship program with no limitations on amounts. Accordingly, no additional language – or additional appropriation – is required other than the budget balance transfer authority that is the objective of this legislation.

OTHER SUBSTANTIVE ISSUES

Since there is no appropriation attached to this legislation, it appears that the language “Making an Appropriation” as appears in the bills title, is in need of clarification.

BFW/lg:rs