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## FISCAL IMPACT REPORT

ORIGINAL DATE 02//09/06

SPONSOR Jennings LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE NMMI Scholarships SB 413

ANALYST Williams

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in Section 4 of the General Appropriation Act for New Mexico Military Institute special project expansion

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

New Mexico Military Institute (NMMI)

### SUMMARY

#### Synopsis of Bill

Senate Bill 413 appropriates \$500.0 thousand from the general fund to the Higher Education Department for the purpose of increasing funding for the General Richard T. Knowles legislative scholarship program at New Mexico Military Institute.

### FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall **not** revert.

## **SIGNIFICANT ISSUES**

NMMI notes the current program is under-funded. The goal is to fully fund the current program, then expand to full scholarships if and when funding permits (rather than a 40 percent scholarship). Additional corpus of \$6 million needed for current program if all awards made each year.

HED notes this request was not made by NMMI during the HED funding recommendation process.

## **TECHNICAL ISSUES**

Is it the sponsor's intent for this funding to be a non-recurring appropriation to the endowment fund or a recurring appropriation to support the program on an on-going basis?

## **OTHER SUBSTANTIVE ISSUES**

Initiated in 1989, the General Richard T. Knowles Legislative Scholarship Program allows each legislator to nominate a Knowles scholar each year (112 awards). NMMI notes at the current funding level, NMMI would be unable to pay if all of the scholarships were awarded.

During the 2005 legislative session, NMMI received approval to transfer up to \$500.0 thousand to the endowment fund from end-of-year balances.

HED notes the program “covers the cost to tuition, fees, and an amount applied towards other expenses at NMMI. The Scholarship may be automatically renewed for at total of four years if the student maintains satisfactory academic progress towards graduation and acceptable performance in the NMMI Corps of Cadets among other requirements.”

## **POSSIBLE QUESTIONS**

1. How would the funding align or impact with performance accountability measures currently submitted by NMMI to LFC and DFA?
2. Is it the sponsor's intent for this funding to be a non-recurring appropriation to the endowment fund or a recurring appropriation to support the program on an on-going basis?

AW/mt