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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-24-2007

SPONSOR Begaye LAST UPDATED \_\_\_\_\_ HB 275/aHEC

SHORT TITLE Tribal College Lottery Scholarships SB \_\_\_\_\_

ANALYST Dearing

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	*(\$0.1)	Recurring	Lottery Scholarship Fund
	*Please see narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill (s): 110, 689, 426, 688, and 686

Relates to House Bill (s): 571, 361, 740 and 926

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Indian Affairs Department (IAD)

Higher Education Department (HED)

Public Education Department (PED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amends House Bill 275 such that;

- 1.) On page 5, line 8, strike “two” and insert in lieu thereof “four”.

The House Education Committee amendment makes this change to the proposed legislation, thereby clarifying its intention. It will now allow four years of scholarship eligibility for students of the Institute of American Indian Arts, the sole four-year tribal school among those specified in House Bill 275, however, there are no limiting clauses within the bill specifying that this term of eligibility shall apply to 4-year schools only.

Synopsis of Original Bill

House Bill 275 carries no appropriation. If enacted, House Bill 275 would amend Sections 6-24-3; 6-24-27; and adds an entirely new Section to NMSA 1978. House Bill 275 would extend eligibility for the New Mexico Lottery Success Scholarship program such that eligibility for scholarship program would be available for all otherwise eligible students at New Mexico tribal colleges.

**FISCAL IMPLICATIONS**

Tribal colleges are defined in the bill as a tribally, federally, or congressionally chartered post-secondary education institution located in New Mexico that is accredited by the North Central Association of Colleges.

According to a Higher Education survey of tribal colleges, the colleges estimated that only 23 students who attended a tribal college could become eligible to receive the Lottery Success Scholarship.

\*The department therefore estimates the fiscal impact would be \$22,000 in FY08. Details of enrollment demographics at New Mexico tribal colleges were not provided to the LFC, and as such, the accuracy of this estimate is indeterminate. The incremental fiscal impact to the lottery fund that will occur with enactment of this legislation could be substantially higher than this estimate provided by the Higher Education department.

The department estimate is very low for several reasons. For instance, a high percentage of New Mexico tribal colleges’ students are non-traditional, returning adult students and are not eligible under the current provisions. Additionally, there are numerous alternative sources of financial aid.

For instance many grant sources are available directly through the federal Bureau of Indian Affairs. Both the Southwestern Indian Polytechnic Institute in Albuquerque as well as the Haskell Indian Nations University in Lawrence, Kansas are directly operated under the Bureau of Indian Affairs’ Office of Indian Education program (BIA/OIEP); neither school charge tuition. “Higher Ed” grants ranging from \$500 to \$4000 annually are available to qualifying Native American students for use at 26 other schools through the BIA program.

In addition to undergraduate funding sources, the BIA/OIEP also provides funding to students through a contract with the American Indian Graduate Center in Albuquerque. All fields of study are given consideration with priority to Business, Engineering, Health, Law and Natural Resources.

<b>TRIBAL COLLEGE</b>	<b>ANNUAL TUITION</b>
Crownpoint Institute of Technology	\$720
Dine College	\$720
Institute of American Indian Arts	\$2,400
Southwestern Indian Polytechnic Institute	No tuition charged

**SIGNIFICANT ISSUES**

The four currently existing tribal colleges, as defined in the bill are:

- The Institute of American Indian Arts, Santa Fe, New Mexico
- The Southwestern Indian Polytechnic Institute, Albuquerque, New Mexico
- The Crownpoint Institute of Technology, Crownpoint, New Mexico
- The Diné College, Shiprock. New Mexico

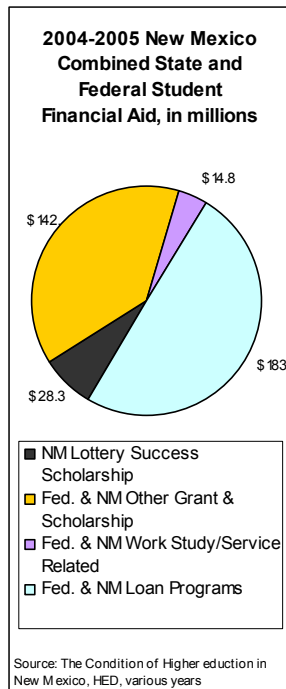
New Mexico students meeting certain criteria and attending tribal colleges located within the State would be eligible to receive scholarships from the fund. The Higher Education department estimates that approximately 2,100 students attend tribal colleges in the State.

According to the American Indian College Fund, "tribal colleges make up less than 1% of higher education institutions in the nation. However, they educate almost 18% of the American Indian student population in the U.S." The proportionately large numbers of American Indian students attending tribal colleges in New Mexico are reflected in the statistics provided in department report, "The Condition of Higher Education in New Mexico." In the fall of 2005, New Mexico Public Institutions accounted for 4,210 American Indian students in New Mexico and tribal colleges accounted for an additional 2,100 American Indian students.

As only 26 institutions are funded through the BIA/OIEP program, some students attending non-participating tribal colleges and institutions may incur student debt.

### ALTERNATIVES, OTHER SUBSTANTIVE ISSUES

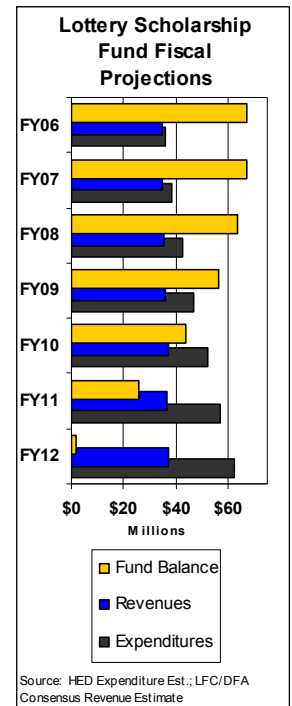
In the 2005-2006 academic year, approximately \$36.9 million in Lottery Success scholarship funds were distributed to New Mexico students. Payouts to beneficiaries continue to exceed New Mexico Lottery Authority disbursements to the scholarship fund. Recent projections show fund insolvency around 2012-2013. With overall flat high school graduation rates expected over this period, projected increases in expenditures are primarily based on tuition inflation. State student aid dollars from the lottery program comprise an ever larger component of state spending on higher education, increasing from 38 percent to 42 percent over the 2002-2003 academic year with subsequent reductions in work-study and service aid.



Across the country, merit scholarship programs are undergoing similar solvency issues. Underestimated and rapidly increasing demand for merit scholarships and scarce resources have forced other states to pursue alternatives.

The Lottery program is one component among many available federal and state student financial aid sources. Including federal and other state grants, work-study, and loan programs, the Lottery program comprises just about 7.7 % of available student financial aid in NM.

Students excluded from the Lottery Success Scholarship have the option to apply for other state and federal financial aid programs.



**RELATIONSHIP**

House Bill 209 relates to:

Senate Bill (s): 110, 689, 426, 686,

House Bill (s): 571, 209, 275, 361, and 740

These listed bills create various changes to lottery scholarship eligibility, distributions from the fund, or otherwise change the Lottery Success program framework.

PD/mt