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## FISCAL IMPACT REPORT

			<b>ORIGINAL DATE</b>	1/23/18		
SPONSOR	Lew	vis	LAST UPDATED	1/26/18	HB	55
<b>SHORT TITLE</b> Fire Fighter Survi			or Scholarship Benefits	5	SB	

ANALYST Daly/Dulany

#### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$27.0	\$107.5 See Fiscal Implications	\$109.2	\$243.7	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act-Section 4-Higher Education-Student Financial Aid

# SOURCES OF INFORMATION

LFC Files

<u>Responses Received From</u> Higher Education Department (HED)

#### SUMMARY

#### Synopsis of Bill

House Bill 55 amends the Fire Fighter and Peace Officer Survivors Scholarship Act, which provides scholarship benefits for survivors of fire fighters and peace officers killed in the line of duty. The bill expands those benefits to include room and board support to eligible survivors attending out-of-state public postsecondary institutions. The amount of a scholarship for an out-of-state eligible institution is capped at the average cost of attendance at an in-state research institution. HB 55 also increases all benefits from five to six academic years.

The effective date of HB 55 is July 1, 2018.

#### **FISCAL IMPLICATIONS**

HED budgets survivor scholarship benefits through its general fund appropriation to the Financial Aid Special Programs fund. HED indicates the additional operating impact noted in the table above could be absorbed through the existing \$22.2 million annual general fund appropriation supporting the department's 21 aid programs (see attached). HED reports actual costs vary from year to year depending on demand and which eligible institution each student

#### House Bill 55 – Page 2

attends. HED advises that the estimates provided in the budget impact table above use the FY18 average cost of attendance, at resident tuition rates for the three New Mexico research institutions, applying a 1.5 percent annual cost increase for FY19 and FY20. These numbers assume five students will take advantage of the out-of-state scholarship benefit. HED advises that calculating benefits based on non-resident tuition rates will increase the cost for each out-of-state student by 70 percent. It provides this table showing participant and cost actuals and estimates for FY16 through FY20:

	Total Awarded
3	\$7,293
5	\$23,308
7	\$27,000
5	\$107,500 (Estimated)*
5	\$109,200 (Estimated)*
-	3 5 7 5 5 5

#### SIGNIFICANT ISSUES

HED point out that the bill does not specify if cost of attendance at an out-of-state institution is to be based on resident or non-resident tuition at the three New Mexico research institutions. The FY18 average resident cost of attendance for these in-state institutions is \$21,191, compared to the FY18 non-resident average cost of attendance of \$36,381. Further, students who opt to attend an out-of-state public postsecondary institution may receive a larger benefit than students who choose to stay within New Mexico, given the new definition of "cost of attendance" for that category of scholarship, which includes fees, book and supplies, transportation and any additional costs for a program, in addition to tuition, room and board. In-state students, on the other hand, will receive a scholarship limited to tuition, room and board. (See Section 2(B)).

#### **PERFORMANCE IMPLICATIONS**

HED expresses concern that it may need to reduce services in other programs to accommodate the increased cost of the scholarships being provided under this bill.

### **OTHER SUBSTANTIVE ISSUES**

HED comments that the scholarship provided under existing law recognizes the importance of the duties performed by New Mexico fire fighters and peace officers who have lost their lives in the line of duty. It explains that the scholarship provides a surviving spouse or adopted or natural children with an opportunity for a college education through a tuition scholarship. Currently survivors must be New Mexico residents and attend a public postsecondary institution within New Mexico. Additionally, surviving children must be twenty-one years of age or under at the time of their fighter's peace officer's parent fire or death.

MD/sb/jle/al

Student Financial Aid Program Detail (Dollars in Thousands)	FY17 Actual	FY18 OpBud	FY19 Request	FY19 LFC Rec
Student Access and Achievement		-	-	
Lottery Scholarship*				
Other Transfer	\$56,964.0	\$42,000.0	\$42,000.0	\$42,000.0
Other Revenues	\$38.0	\$0.0	\$0.0	\$0.0
Fund Balance	\$2,219.4	\$0.0	\$0.0	\$0.0
Total Lottery Scholarship	\$59,221.4	\$42,000.0	\$42,000.0	\$42,000.0
Student Incentive Grant				
General Fund	\$11,108.0	\$11,000.0	\$11,000.0	\$11,000.0
College Affordability Endowed Scholarships				
Other Transfer	\$0.0	\$2,000.0	\$0.0	\$0.0
Work-Study				
General Fund	\$3,961.8	\$4,142.2	\$4,142.2	\$4,142.2
Vietnam Veterans Scholarship				
General Fund	\$100.0	\$65.0	\$65.0	\$65.0
NM Scholars				
General Fund	\$300.0	\$250.0	\$250.0	\$250.0
Peace Officer and Fire Fighter Fund				
General Fund	\$25.0	\$25.0	\$25.0	\$25.0
Merit-based Scholarships	<u> </u>	<u> </u>	<u> </u>	<b>.</b>
General Fund	\$0.0	\$0.0	\$0.0	\$0.0
Wartime Veterans Scholarship General Fund	\$117.1	\$180.0	\$180.0	\$180.0
Total Student Access and Achievement				
Healthcare Workforce Development				
Nursing Student Loan for Service				
General Fund	\$720.0	\$450.0	\$450.0	\$450.0
Nurse Educator Loan For Service				
General Fund	\$65.0	\$65.0	\$65.0	\$65.0
Medical Student Loan Prog.				
General Fund	\$375.0	\$350.0	\$350.0	\$350.0
Primary Care Physician Tuition Waiver				
General Fund	\$150.0	\$150.0	\$150.0	\$150.0
Allied Health	<b>A</b> = · · ·			A ·
General Fund	\$244.0	\$100.0	\$100.0	\$100.0
Health Professional Loan Repayment	<b>.</b>	<b>.</b>	<b>.</b>	<b>#4</b> 004 0
General Fund	\$1,061.9	\$1,061.9	\$1,061.9	\$1,061.9
Dentistry Loan for Service	<b>*</b> 40 C	604.0	604.0	<b>*</b> 04 *
General Fund	\$43.2	\$21.6	\$21.6	\$21.6
Dental Residency Program	<b>64</b> 000 0	A750.0	A750.0	<b>A</b> 750 0
General Fund	\$1,000.0	\$750.0	\$750.0	\$750.0
Total Healthcare Workforce Development Programs	\$3,659.1	\$2,948.5	\$2,948.5	\$2,948.5

	<b>Student Financial Aid Program Detail</b> (Dollars in Thousands)	FY17 Actual	FY18 OpBud	FY19 Request	FY19 LFC Rec	
46						46
47	Statewide Priority Professional Development					47
48	Teacher Loan-for-Service					48
49	General Fund	\$24.0	\$20.0	\$20.0	\$20.0	49
50	Teacher Loan Repayment					50
51	General Fund	\$60.0	\$60.0	\$60.0	\$60.0	51
52	Graduate Scholarship					52
53	General Fund	\$619.0	\$619.0	\$619.0	\$619.0	53
54	Minority Doctoral Assistance					54
55	General Fund	\$75.0	\$75.0	\$75.0	\$75.0	55
56	WICHE Loan-for-Service					56
57	General Fund	\$2,267.5	\$2,167.5	\$2,167.5	\$2,167.5	57
58	Public Service Law Loan Repayment					58
59	General Fund	\$281.2	\$170.0	\$170.0	\$170.0	59
60						60
61		\$450.0	\$450.0	\$450.0	\$450.0	61
62	John R. Justice Loan Repayment					62
63	Federal Funds	\$0.0	\$37.7	\$0.0	\$0.0	63
64						64
65	Total Statewide Priority Professional Development	\$3,776.7	\$3,599.2	\$3,561.5	\$3,561.5	65
66						66
67	Financial Aid Administration					67
68	General Fund	\$8.0	\$21.0	\$21.0	\$21.0	68
69						69
70	GENERAL FUND TOTAL	\$23,055.7	\$22,193.2	\$22,193.2	\$22,193.2	70
71	GRAND TOTAL	\$82,277.1	\$66,230.9	\$64,193.2	\$64,193.2	71

\*FY17 lottery figures in the HED request do not reflect actual transfers from liquor excise tax and the lottery tuition fund. Figures in this document were adjusted to reflect actual revenues received.