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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 2nd Session, 2024

Bill Number	<u>SB239/aHEC</u>	Sponsor	<u>Munoz/Correa Hemphill</u>
Tracking Number	<u>.226574.7</u>	Committee Referrals	<u>SCC/SEC/SFC;HEC</u>
Short Title	<u>Lottery Scholarship Changes</u>		
Analyst	<u>Hathaway</u>	Original Date	<u>2/1/2024</u>
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BILL SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to Senate Bill 239 (SB239/aHEC) updates the short title of the bill to reflect the content of SB239/aHEC more accurately, clarifies language about how credit hours may be used across the academic year, and adds an ending date for the use of the price index being used to determine the maximum distribution of the Opportunity Scholarship to each public postsecondary and tribal college.

Synopsis of Bill

Senate Bill 239, as amended by the House Education Committee (SB239/aHEC), amends both the Legislative Lottery Tuition Scholarship Act and the Opportunity Scholarship Act to make changes to, and clarify, eligibility criteria.

Substantive changes to the Legislative Lottery Tuition Scholarship Act include:

- The bill defines full-time as enrolled in 30 or more credits per year for four-year state educational institutions, and 24 credits or more for students enrolled at a community college.
- The bill adds three summer semesters to the terms eligible for tuition scholarship funding, with summer enrollment required to be at least three credits and no more than nine credits; provides, that summer enrollment is not required for eligibility.
- The bill removes all references to legacy students.
- The bill removes credit-hour limits to the semester prior to graduation.

Substantive changes to the Opportunity Scholarship Act include:

- Dual credit courses do not apply to the credit hour cap for the tuition scholarship.
- Students with disabilities may have their definition of “full time” adjusted to as low as six credits during a semester and three during a summer term.

SB239/aHEC also adds language indicating the reporting basis the Higher Education Department (HED) uses to estimate the next year's maximum distribution will be based on the annual increase in the higher education price index for the mountain region.

FISCAL IMPACT

The bill does not contain an appropriation. Introducing summer enrollment for the Legislative Lottery Tuition Scholarship may result, however, in higher expenditures from the Lottery Tuition Fund. The Higher Education Department (HED) notes it is difficult to project potential summer enrollment without having prior year enrollment numbers for students that are eligible to receive the Legislative Lottery Tuition Scholarship.

SUBSTANTIVE ISSUES

SB239/aHEC makes changes to two of New Mexico's most widely used scholarship programs: The Legislative Lottery Scholarship and the Opportunity Scholarship. LESC analysis of [HED reports](#) indicates that in FY22 (most recent data available), 20,576 students received a Legislative Lottery Scholarship. Regarding the Opportunity Scholarship, HED reports that as of the fall 2021 semester (most recent data available), the Opportunity Scholarship has provided over \$16 million in support to over 12 thousand students across New Mexico.

SB239/aHEC proposes several changes in definitions and eligibility terms to expand use of these scholarships in summer semesters and clarify eligibility requirements. A summary of changes proposed for both scholarships is included in detail below:

Proposed Legislative Lottery Scholarship Act Changes:

- Amends definitions to define full time as 30 or more credit hours each *year* in state education institutions and 24 or more credit hours each year in community colleges— current law defines full time as 15 or more credit hours each semester in state educational institutions, and 12 or more credit hours each semester in community colleges. SB239/aHEC allows the 30 credit hours for full-time students to be apportioned among fall through spring semesters (although be no fewer than 12 credit hours), and the 24 credit hours for part-time students to be apportioned among fall through spring semesters (although be no fewer than nine credit hours).
- Removes references to “legacy students.”
- Clarifies that program semesters include the summer semester.
- Clarifies the definition of a qualified student as “a full-time student who graduated from a public or accredited private New Mexico high school or completed the requirements of a home-based or nonpublic secondary educational program in New Mexico.”
- Clarifies that the Legislative Lottery Scholarship can be used at tribal colleges.
- Clarifies that the Legislative Lottery Scholarship can be received for a maximum of seven fall and spring semesters and a maximum of three summer semesters, or no more than three and one half-years for a bachelor's degree.
- Clarifies that to maintain eligibility for the Legislative Lottery Scholarship a student attending a four-year public postsecondary educational institution must take 15 or more credit hours per fall and spring program semester and no fewer than three and no more than nine credit hours for summer semesters; for students attending two-year public postsecondary educational institutions, a student must take 12 or more credit hours per fall

and spring semester, and no fewer than three and no more than nine credit hours for summer semesters.

- Clarifies that a student is not required to attend summer semesters to maintain eligibility.
- Clarifies that credit-hour limits do not apply to the last semester before graduation.
- Specifies that for students with disabilities, full time shall “in no case” mean fewer than six credit hours per semester during the fall and spring semesters or three credit hours per summer semester.

Proposed Opportunity Scholarship Act Changes:

- Specifies that for eligibility, students must be enrolled in at least six credit hours per semester and notes that credit-hour limits do not apply to a student in the last semester before graduation.
- Adds language and clarifies that students can be enrolled in at least three, and no more than nine, credit hours per summer semester; attendance in summer semesters, however, is not required to maintain eligibility.
- Adds language that for students with disabilities, they may petition for a waiver of eligibility or credit-hour limits.
- Amends the current law to specify that dual credit courses that an eligible student previously completed shall not count toward the credit-hour cap.
- Adds the use of a price index to determine the maximum Opportunity Scholarship distribution to each public postsecondary educational institution and tribal college. SB239/aHEC specifies that HED shall determine the maximum distribution based on the annual increase in the higher education price index for the mountain region.

About the New Mexico Lottery Scholarship. The New Mexico Legislative Lottery Scholarship, often called the legislative lottery scholarship, was created in 1996. Over 139 thousand students have attended New Mexico public colleges with the help of a legislative lottery scholarship since 1996. The scholarship is available to fund up to 100 percent of tuition (up to an undergraduate degree) for all New Mexico students who have graduated from a public or accredited New Mexico high school, completed requirements as a registered home-school student, or received a high school equivalency credential recognized by the state of New Mexico. Residency in New Mexico is also required. While the scholarship is not available during a student’s first semester, most New Mexico colleges offer “bridge” scholarships to incoming freshman to offset the cost of the first semester.

Students have up to 16 months after they complete high school, or discharge from military service, to qualify for the New Mexico Legislative Lottery Scholarship. Other eligibility requirements to receive the scholarship including maintaining a 2.5 grade point average and enrolling in at least 15 credit hours a semester at a four-year college, or 12 credit hours at a two-year college. SB239/aHEC would change the credit hour requirements to be at least 30 credit hours per year at a four-year college and 24 credit hours per year at a two-year college.

About the Opportunity Scholarship. The Opportunity Scholarship was created in 2022. It allows students to receive scholarships up to the amount of tuition and fees for state public higher education institutions and tribal colleges. When the Opportunity Scholarship and its corresponding fund were created, it also rolled two existing scholarship programs—the College Affordability Grant Fund and the Legislative Endowment Scholarship Program—into the opportunity scholarship fund.

Eligibility for the Opportunity Scholarship is limited to New Mexico residents who have not earned a bachelor's degree and who are enrolled at least-half time (with half-time defined as enrollment in at least six credit hours). The Opportunity Scholarship may be awarded for only one credit bearing certificate, one associate degree, or one bachelor's degree. Scholarships for students earning credit bearing certificates may be awarded only when data indicates the certificate is in high demand by New Mexico employers. Students with special needs or other mitigating circumstances may petition for a waiver of eligibility on a per semester basis.

Proposed Changes in Dual Credit. The changes proposed by SB239/aHEC notably exclude credit hours earned as dual credit hours—in other words, college credits earned by high school students—from the credit hours cap. In their submitted agency analyses, New Mexico State University (NMSU) and the New Mexico Independent Community Colleges (NMICC) note that this is a favorable change for students who earn dual credit while in high school. NMSU writes “removing credits earned through dual credit will greatly assist students who enroll at NMSU. We currently have over 200 dual credit students on the NMSU Las Cruces campus. Many of them will exceed the 160-credit limit before they reach graduation. This will allow them to use the tuition scholarship until their graduation.” Similarly, NMICC writes that “removing a student's accumulated dual credit credits from the Opportunity Scholarship cap will have a significant positive impact on students. Currently students who have taken dual credit coursework have their dual credit hours factored into the cap – reducing the number of credit hours the opportunity scholarship will cover.”

ADMINISTRATIVE IMPLICATIONS

HED reports it would need to amend administrative rule and regulation for both the Legislative Lottery Tuition Scholarship and the Opportunity Scholarship to correspond to changes proposed by SB239/aHEC. HED also notes, however, that public postsecondary educational institutions are the entities directly responsible for “packaging awards to eligible students.”

There is consensus in the agency analysis submitted directly by higher education institutions that SB239/aHEC could be beneficial to students even though it will require institutions to alter some of their administrative processes to adhere to the proposed revisions.

The New Mexico Institute of Mining and Technology (NM Tech) notes that it does not anticipate any significant financial impacts from SB239/aHEC, but its staff may need to spend more time processing and managing reports due to the proposed changes in student eligibility. NM Tech also notes, however, that it will need to monitor long-term impacts and while they “believe the proposed changes in the bill are intended to help students financially and may encourage them to enroll in the summer and thus graduate sooner,” they may also need some clarification on eligibility requirements.

The University of New Mexico (UNM) notes that it has established processes to manage scholarships, but SB239/aHEC would create an administrative burden for its financial aid offices and creates the need for additional staff to review and implement the provisions, “especially with the extension of program semester, expansion of credit hours from a semester basis to an annual basis, and the removal of dual credit courses from attempted credit hours.” UNM notes it will need additional staff to evaluate and update current monitoring reports and processes.

TECHNICAL ISSUES

NMICC notes a definition of “year” may help clarify the use of the term in the bill. NMICC inquires: “is an academic year defined as summer, fall, and then spring terms or is an academic year defined as fall, spring, and then summer terms?”

LESC staff note that while SB239/aHEC does not include the requested definition as noted by NMICC, the HEC amendment to the bill does clarify how credit hours may be apportioned across the academic year.

RELATED BILLS

Related to House Bill 100, Adult Online Learner Scholarship Act, which creates a new postsecondary educational scholarship program for adults ages 26 and older to earn degrees and certificates online and establishes eligibility criteria.

Related to House Bill 281, Lottery Tuition Scholarship Eligibility, which makes some similar changes in eligibility related to the Legislative Lottery Scholarship Act.

Related to Senate Bill 86, Graduate Scholarship Act, which amends eligibility for an existing scholarship program for graduate students and includes eligibility related to serving the eligible institution as a condition for the scholarship.

Related to Senate Bill 233, Graduate Scholarship Eligibility, which also amends eligibility for an existing scholarship program for graduate students but does not include service to the institution as a condition for the scholarship.

SOURCES OF INFORMATION

- LESC Files
- Higher Education Department (HED)
- New Mexico State University (NMSU)
- New Mexico Institute of Mining and Technology (NM Tech)
- New Mexico Independent Community Colleges (NMICC)
- University of New Mexico (UNM)

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