

STATE OF NEW MEXICO
LEGISLATIVE EDUCATION STUDY COMMITTEE

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July 25, 2011

MEMORANDUM

TO: Legislative Education Study Committee

FR: Kevin Force, J.D.

RE: STAFF BRIEF: NEW MEXICO LEGISLATIVE LOTTERY SCHOLARSHIP PROGRAM AND FUND

During the June 2011 interim meeting a staff report on the New Mexico Legislative Scholarship Program, including the Lottery Scholarship Fund, was included in the committee notebooks. However the topic did not receive a full committee review. The June staff report considered rising tuition costs and examined the fund's sustainability in the event of 5.0, 7.0, and 9.0 percent tuition increases.

The following attachments have been updated based on discussion with staff of the Higher Education Department (HED):

Attachment 1, *Lottery Sustainability Models*, which are graphs illustrating the effects of tuition increases on the fund's expenditures, revenues, and balance; and

Attachment 2, *Legislative Lottery Scholarship Sustainability, NM-HED Model*, which is a table expressing the effects of 5.0, 7.0, and 9.0 percent tuition increases on the fund in dollar amounts, including projections through FY 14.

Attachments 1 and 2 show reported projections indicating that the scholarship fund balance would fall sharply with a tuition increase of only 5.0 percent, with greater increases hastening the insolvency of the fund. Assuming an increase of 7.0 percent, the fund balance is expected to reach zero by FY 14. Unfortunately, tuition increases in New Mexico's colleges and

universities for FY 12 average between 6.8 and 11.2 percent, indicating that the fund may reach insolvency prior to FY 14 if all other factors remain unchanged.

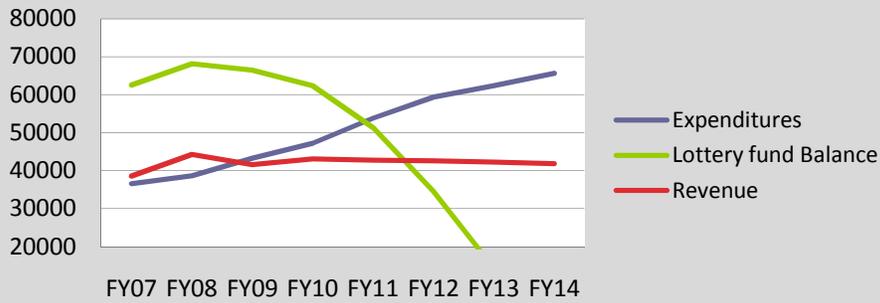
Attachment 3, *FY 11 to FY 12 Tuition and Fees Comparison*, shows increases in tuition at New Mexico's colleges and universities, both in whole dollar amounts and as percentage increases. The table includes values for individual institutions, averages for various categories of schools, such as two-year and four-year institutions, and a statewide average.

For this meeting, a discussion of the New Mexico Legislative Lottery Scholarship Program and Fund has been expanded to include testimony on:

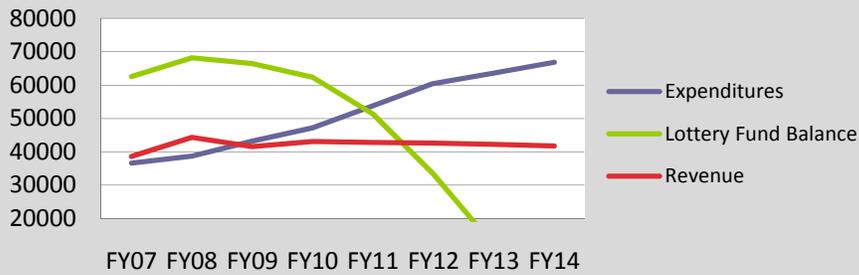
- a) the Solvency of the Legislative Lottery Scholarship Fund by Mr. Tom Romero, CEO of the New Mexico Lottery Authority; and
- b) the Impact of the Legislative Lottery Scholarship Program to Institutions and on Institutional Outcomes by Mr. Terry Babbitt of the University of New Mexico.

Ms. Karen Kennedy, Financial Aid Director of HED will also be in attendance to address comments and questions.

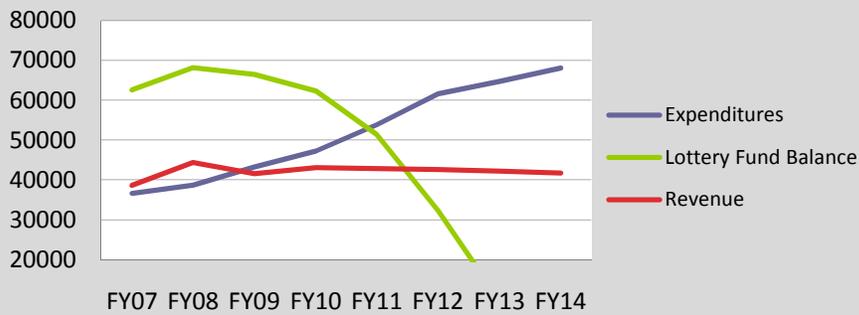
Lottery Sustainability at 5% Tuition Increase



Lottery Sustainability at 7% Tuition Increase



Lottery Sustainability at 9% Tuition Increase



**LEGISLATIVE LOTTERY SUSTAINABILITY
NM-HED MODEL**

Revenues and Expenditures (\$1000)						
Current Tuition	FY09	FY10	FY11	FY12	FY13	FY14
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 51,884.7	\$ 37,938.3	\$ 20,840.8
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,037.7	\$ 758.8	\$ 416.8
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,252.5	\$ 56,538.8	\$ 59,411.0	\$ 62,474.2
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 51,884.7	\$ 37,938.3	\$ 20,840.8	\$ 338.1
Tuition at 5% Increase						
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 34,532.2	\$ 14,395.9
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,026.3	\$ 690.6	\$ 287.9
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 42,801.4	\$ 42,581.0	\$ 42,245.3	\$ 41,842.6
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 59,365.8	\$ 62,381.6	\$ 65,597.9
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 34,532.2	\$ 14,395.9	\$ (9,359.3)
Tuition at 7% Increase						
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 33,401.4	\$ 12,054.4
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,026.3	\$ 668.0	\$ 241.1
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 42,801.4	\$ 42,581.0	\$ 42,222.7	\$ 41,795.8
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 60,496.5	\$ 63,569.8	\$ 66,847.4
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 33,401.4	\$ 12,054.4	\$ (12,997.2)
Tuition at 9% Increase						
July 1 Balance	\$ 68,154.2	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 32,270.7	\$ 9,712.8
Lottery Income	\$ 41,007.6	\$ 42,969.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7	\$ 41,554.7
Interest Income	\$ 553.3	\$ 101.9	\$ 1,246.7	\$ 1,026.3	\$ 645.4	\$ 194.3
Revenue	\$ 41,560.9	\$ 43,071.6	\$ 42,801.4	\$ 42,581.0	\$ 42,200.1	\$ 41,749.0
Expenditures	\$ 43,236.9	\$ 47,214.0	\$ 53,820.3	\$ 61,627.3	\$ 64,758.0	\$ 68,096.9
June 30 Balance	\$ 66,478.2	\$ 62,335.8	\$ 51,316.9	\$ 32,270.7	\$ 9,712.8	\$ (16,635.1)

FY 11 to FY 12 Tuition and Fees Comparison

	FY 11 Total Tuition and Fees				FY 12 Annual Total Tuition & Fees				Difference Between FY 11 and FY12				Per cent Increase From FY 11 to FY 12				
	Undergraduate		Graduate		Undergraduate		Graduate		Undergraduate		Graduate		Undergraduate		Graduate		
	Resident	Non-resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	
Research Institutions																	
NMIMT	\$4,942	\$14,620	\$5,133	\$15,495	\$5,285	\$15,738	\$5,492	\$16,684	\$343	\$1,118	\$359	\$1,189	6.9%	7.6%	7.0%	7.7%	
NMSU	\$5,400	\$16,680	\$5,808	\$17,088	\$5,827	\$18,269	\$6,278	\$18,720	\$427	\$1,589	\$470	\$1,632	7.9%	9.5%	8.1%	9.6%	
UNM	\$5,506	\$18,691	\$6,041	\$19,207	\$5,809	\$19,951	\$6,381	\$20,469	\$303	\$1,260	\$340	\$1,262	5.5%	6.7%	5.6%	6.6%	
Comprehensive Institutions																	
ENMU	\$3,900	\$9,432	\$4,332	\$9,864	\$4,147	\$9,658	\$4,566	\$10,114	\$247	\$226	\$234	\$250	6.3%	2.4%	5.4%	2.5%	
NMHU	\$2,952	\$4,632	\$3,168	\$4,872	\$3,264	\$5,328	\$3,504	\$5,616	\$312	\$696	\$336	\$744	10.6%	15.0%	10.6%	15.3%	
NNMC	\$1,306	\$2,699	n/a	n/a	\$2,827	\$11,187	n/a	n/a	\$1,521	\$8,488	n/a	n/a	116.4%	314.5%	n/a	n/a	
WNMU	\$3,811	\$13,411	\$4,027	\$13,627	\$4,030	\$13,414	\$4,270	\$13,630	\$219	\$3	\$243	\$3	5.7%	0.0%	6.0%	0.0%	
Branch Community Colleges																	
ENMU Roswell	\$1,339	\$4,580	n/a	n/a	\$1,656	\$5,421	n/a	n/a	\$317	\$841	n/a	n/a	23.6%	18.4%	n/a	n/a	
ENMU Ruidoso	\$764	\$2,660	n/a	n/a	\$812	\$3,020	n/a	n/a	\$48	\$360	n/a	n/a	6.3%	13.5%	n/a	n/a	
NMSU Alamogordo	\$1,656	\$4,440	n/a	n/a	\$1,824	\$4,872	n/a	n/a	\$168	\$432	n/a	n/a	10.1%	9.7%	n/a	n/a	
NMSU Carlsbad	\$964	\$2,980	n/a	n/a	\$1,036	\$3,388	n/a	n/a	\$72	\$408	n/a	n/a	7.5%	13.7%	n/a	n/a	
NMSU Dona Ana	\$1,368	\$4,056	n/a	n/a	\$1,488	\$4,656	n/a	n/a	\$120	\$600	n/a	n/a	8.8%	14.8%	n/a	n/a	
NMSU Grants	\$1,488	\$3,096	n/a	n/a	\$1,704	\$3,528	n/a	n/a	\$216	\$432	n/a	n/a	14.5%	14.0%	n/a	n/a	
UNM Gallup	\$1,518	\$3,348	n/a	n/a	\$1,518	\$3,348	n/a	n/a	\$0	\$0	n/a	n/a	0.0%	0.0%	n/a	n/a	
UNM Los Alamos	\$1,392	\$3,804	n/a	n/a	\$1,548	\$4,284	n/a	n/a	\$156	\$480	n/a	n/a	11.2%	12.6%	n/a	n/a	
UNM Taos	\$1,518	\$3,774	n/a	n/a	\$1,688	\$4,216	n/a	n/a	\$170	\$442	n/a	n/a	11.2%	11.7%	n/a	n/a	
UNM Valencia	\$1,434	\$3,648	n/a	n/a	\$1,561	\$4,182	n/a	n/a	\$127	\$534	n/a	n/a	8.9%	14.6%	n/a	n/a	
Independent Community Colleges																	
CNM	\$1,208	\$5,384	n/a	n/a	\$1,310	\$6,169	n/a	n/a	\$102	\$785	n/a	n/a	8.4%	14.6%	n/a	n/a	
Clovis CC	\$832	\$1,768	n/a	n/a	\$976	\$2,176	n/a	n/a	\$144	\$408	n/a	n/a	17.3%	23.1%	n/a	n/a	
Luna CC	\$814	\$1,942	n/a	n/a	\$886	\$2,230	n/a	n/a	\$72	\$288	n/a	n/a	8.8%	14.8%	n/a	n/a	
Mesalands CC	\$1,364	\$2,252	n/a	n/a	\$1,460	\$2,444	n/a	n/a	\$96	\$192	n/a	n/a	7.0%	8.5%	n/a	n/a	
NM Junior College	\$1,128	\$1,704	n/a	n/a	\$1,176	\$1,824	n/a	n/a	\$48	\$120	n/a	n/a	4.3%	7.0%	n/a	n/a	
San Juan College	\$912	\$2,328	n/a	n/a	\$1,128	\$2,760	n/a	n/a	\$216	\$432	n/a	n/a	23.7%	18.6%	n/a	n/a	
Santa Fe CC	\$979	\$2,155	n/a	n/a	\$1,063	\$2,467	n/a	n/a	\$84	\$312	n/a	n/a	8.6%	14.5%	n/a	n/a	
Special Schools																	
NMMI	\$2,876	\$6,639	n/a	n/a	\$3,374	\$7,649	n/a	n/a	\$498	\$1,010	n/a	n/a	17%	15%	n/a	n/a	

Average Tuition Increase by Type of Institution				
	Undergraduate		Graduate	
	Resident	Non-resident	Resident	Non-resident
Research	6.8%	8.0%	6.9%	7.9%
Comprehensive*	7.5%	5.8%	7.4%	5.9%
Branch Community Colleges	10.2%	12.3%	n/a	n/a
Independent Community Colleges	11.2%	14.4%	n/a	n/a
All Four-year Institutions*	7.2%	6.9%	7.1%	6.9%
All Two-year Institutions	10.6%	13.2%	n/a	n/a
Statewide*	10.0%	11.7%	7.1%	6.9%

*NNMC excluded

LEGEND	
NMIMT	New Mexico Institute of Mining and Technology
NMSU	New Mexico State University
UNM	University of New Mexico
ENMU	Eastern New Mexico University
NMHU	New Mexico Highlands University
NNMC	Northern New Mexico Community College
WNMU	Western New Mexico University
CNM	Central New Mexico Community College
CC	Community College
NMMI	New Mexico Military Institute