

STATE OF NEW MEXICO
LEGISLATIVE EDUCATION STUDY COMMITTEE

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August 24, 2011

MEMORANDUM

TO: Legislative Education Study Committee

FR: Kevin Force, J.D.

RE: COMMITTEE REQUEST: LEGISLATIVE LOTTERY SCHOLARSHIP FUND

During the July 2011 interim meeting of the Legislative Education Study Committee (LESC), the committee heard testimony about the potential insolvency of the New Mexico Legislative Lottery Scholarship Fund. During the committee discussion, several committee members posed a number of questions that focused on three general areas of inquiry:

- distribution of lottery funds, including:
 - how much lottery money is spent on students taking remedial courses;
 - the figures on students who qualify for the lottery scholarship, then attain it, retain it, and graduate; and
 - why the New Mexico Lottery pays out, as winnings, more than the statutorily mandated 50 percent;
- strategies to preserve the solvency of the fund, including:
 - raising Grade Point Average (GPA) or credit-hour requirements;
 - reducing scholarship distribution levels; and
 - adopting a needs-based approach to distribution of the scholarship; and

- lottery vendors on Indian lands, including:
 - how many lottery vendors do business on Indian lands; and
 - how much revenue is generated by these vendors.

DISTRIBUTION OF LOTTERY FUNDS

How Much Lottery Money Is Spent on Students Taking Remedial Courses?

According to Higher Education Department (HED) staff, they have been unable to isolate those numbers, as many students take a combination of both college-level and remedial courses.

What are the figures on students who qualify for the lottery scholarship, then attain it, retain it, and graduate?

According to HED staff, the number of students who received the legislative lottery scholarship and matriculated in 2003, immediately after graduating from high school or completing a GED, was about 63 percent of the total number of students who attended New Mexico postsecondary institutions for that year. Lottery scholarship students who then completed their degree within six years made up about 58 percent of that cohort (see Attachment 1, *Cohort Who Received LLS and Graduated within 6 Years*, for a breakdown of these numbers by institution).

Those students who *qualified* for the New Mexico legislative lottery scholarship in 2007 numbered 8,679. The number of students who, after their first semester, successfully *attained* the scholarship in the spring 2008 semester totaled 52.9 percent of that cohort. The students who then *retained* their scholarship in the fall 2008 semester totaled 79 percent of the group who successfully attained their scholarships.

Those students who qualified for the lottery scholarship in 2008 numbered 9,414, with 55.1 percent of that cohort successfully attaining the scholarship in the spring 2009 semester (see Attachment 2, *Lottery Attainment and Retention*, for a breakdown of these numbers by institution).

Why Does the New Mexico Lottery Pay Out More Than the Statutorily Mandated Fifty Percent as Winnings?

According to the New Mexico Lottery Authority (NMLA), players prefer to participate when prize amounts are higher; higher prizes therefore stimulate sales. New Mexico pays out about 54.3 percent in prizes, ranking second lowest in aggregate prize payout for all US lotteries. In 2007, NMLA reduced the percentage paid in prizes in order to meet the statutory requirement to return a set percentage of revenue to the Lottery Scholarship Fund. Since then, instant ticket sales have declined by approximately \$16 million.

STRATEGIES TO PRESERVE THE SOLVENCY OF THE FUND

Raising GPA or Credit-hour Requirements

According to HED, raising the credit-hour requirement would have a larger impact on students than raising the GPA requirement. This assertion is confirmed by projections submitted by

University of New Mexico (UNM) staff (see Attachment 3, *Variations on Recipient and Renewal Criteria for the Lottery Scholarship*, for a more detailed examination of the following data, as well as a similar breakdown of data focusing on community college students at New Mexico State University (NMSU)).

Their projections on lottery recipient cohorts at NMSU-Las Cruces for fall 2010 scholarship-eligible students indicate:

- for the overall cohort:
 - with current requirements, 32 percent of eligible students failed to attain the scholarship in spring 2011;
 - with an increase in required GPA from 2.5 to 2.75, 40 percent of eligible students would have failed to attain;
 - with a required GPA of 3.0, 47 percent of students would have failed to attain;
 - with an increase from 12 to 15 required credit hours, 57 percent of eligible students would have failed fail to attain;
 - with 15 required credit hours *and* required GPA of 2.75, 61 percent of eligible students would have failed to attain; and
 - with 15 required credit hours *and* required GPA of 3.0, 65 percent would have failed to attain the scholarship;

- by ethnicity:
 - with current requirements:
 - 37 percent of minority students failed to attain the scholarship;
 - 36 percent of Hispanic students failed to attain; and
 - 27 percent of non-minority students failed to attain;

 - with an increase in GPA to 2.75, the failure rate would be:
 - 42 percent for minority students;
 - 45 percent for Hispanic students; and
 - 33 percent for non-minority students;

 - with GPA of 3.0, the failure rate would be:
 - 51 percent for minority students;
 - 53 percent for Hispanic students; and
 - 40 percent for non-minority students;

 - with 15 required credit hours, the failure rate would be:
 - 67 percent for minority students;
 - 63 percent for Hispanic students; and
 - 48 percent for non-minority students;

- with 15 required hours *and* GPA of 2.75, the failure rate would be:
 - 68 percent for minority students;
 - 67 percent for Hispanic students; and
 - 52 percent for non-minority students; and
- with 15 required hours *and* GPA of 3.0, the failure rate would be:
 - 72 percent for minority students;
 - 70 percent for Hispanic students; and
 - 57 percent for non-minority students;
- for students in the lower third income bracket (less than \$20,000 to \$39,999):
 - with current requirements 40 percent to 34 percent failed to attain the scholarship;
 - with required GPA of 2.75, 48 percent to 43 percent would have failed to attain;
 - with GPA of 3.0, 57 percent to 50 percent would have failed to attain;
 - with 15 required credit hours, 73 percent to 60 percent would have failed to attain;
 - with 15 required hours *and* GPA of 2.75, 75 percent to 65 percent would have failed to attain; and
 - with 15 required hours *and* GPA of 3.0, 78 percent to 69 percent would have failed to attain;
- for students in the middle third income bracket (\$40,000 to \$79,999):
 - with current requirements, 32 percent failed to attain the scholarship;
 - with required GPA of 2.75, 41 percent would have failed to attain;
 - with GPA of 3.0, 49 percent to 50 percent would have failed to attain;
 - with 15 required credit hours, 58 percent to 56 percent would have failed to attain;
 - with 15 required hours *and* GPA of 2.75, 61 percent to 60 percent would have failed to attain; and
 - with 15 required hours *and* GPA of 3.0, 65 percent would have failed to attain; and
- for students in the highest third income bracket (\$80,000 to \$100,000 and above):
 - with current requirements, 29 percent to 23 percent failed to attain the scholarship;
 - with required GPA of 2.75, 34 percent to 31 percent would have failed to attain;
 - with GPA of 3.0, 40 percent to 36 percent would have failed to attain;
 - with 15 required credit hours, 49 percent to 41 percent would have failed to attain;
 - with 15 required hours *and* GPA of 2.75, 51 percent to 47 percent would have failed to attain; and
 - with 15 required hours *and* GPA of 3.0, 54 percent to 50 percent would have failed to attain.

These data are borne out when examining all 4,067 students who received the lottery scholarship in fall 2010 and attended NMSU-Las Cruces:

- the largest impact (55 percent loss) is experienced when required credit hours are increased to 15;

- there is another large jump (from 17 percent to 30 percent) when the GPA requirement is raised from 2.75 to 3.0;
- the rate of failure to attain decreases with class seniority; with 15 required credit hours:
 - 84 percent of freshman would have lost their scholarship;
 - 59 percent of sophomores would have lost their scholarship;
 - 48 percent of juniors would have lost the scholarship; and
 - 45 percent of seniors would have lost the scholarship; and
- minority and lower income students would suffer most from a change in the requirements.

Reducing Scholarship Distribution Levels

The material submitted by the UNM staff include an examination of the effects of a reduction in the amount of money distributed as lottery scholarships, based on existing lottery scholarship academic requirements and current tuition rates at NMSU.

For the fall 2010 cohort of 1,139:

- with lottery pay rate set at the current tuition of \$2,064, the cost to the fund was about \$2.35 million;
- with the pay rate set at \$2,000 per semester, the cost to the fund would have been about \$2.27 million, with a savings of \$72,896;
- with the rate set at \$1,500 per semester, the cost would have been about \$1.7 million, with a savings of \$642,396;
- with the rate set at \$1,000, the cost would have been about \$1.4 million, with a savings of about \$1.21 million.

For the entire group of 3,670 fall 2010 recipients:

- with lottery pay rate set at the current tuition of \$2,064, the cost to the fund was about \$7.75 million;
- with the pay rate set at \$2,000 per semester, the cost to the fund would have been about \$7.34 million, with a savings of \$234,880;
- with the rate set at \$1,500 per semester, the cost would have been about \$5.5 million, with a savings of \$2.07 million;
- with the rate set at \$1,000, the cost would have been about \$3.67 million, with a savings of about \$3.9 million.

The report notes that one of the largest drains on the fund is the yearly tuition increase. By limiting the amount of the scholarship, it would save money without significantly affecting the number of students who receive it. Further, it would make it easier to forecast fund expenditures and leave the responsibility of making up any differences between the scholarship and tuition to the institutions.

Adopting a Needs-based Approach to Scholarship Distribution

According to HED, about 30 percent of students who receive the lottery scholarship also receive a Pell Grant, making them the neediest students. As noted in committee discussion, many students in New Mexico who might otherwise be eligible do not apply for federal financial aid; indeed current regulations do not require submission of a Free Application for Federal Student Aid (FAFSA) form in order to qualify for the New Mexico Lottery Scholarship. Further, the difficulty in answering this question also lies in the determination of the dividing line for “need.” Many families who would not qualify for Pell Grants even if they applied still experience substantial need.

The material submitted by UNM staff, include projections based on maintaining current academic requirements for lottery eligibility, but adopting a more needs-based approach by limiting eligibility to those students who have an effective family contribution (EFC) below a certain limit:

- With an EFC of less than \$10,000:
 - 57 percent of the eligible fall 20101 cohort would have lost their scholarship;
 - 51 percent of minority students would have lost their scholarship;
 - 53 percent of Hispanic students would have lost their scholarship;
 - 63 percent of non-minority students would have lost their scholarship;
 - 35 percent to 40 percent of students in the lowest income bracket would have lost their scholarship;
 - 35 percent to 60 percent of students in the middle bracket would have lost their scholarship;
 - 80 to 97 percent of students in the highest income bracket would have lost their scholarship; and
 - with the current tuition rate of \$2,064, the Lottery Scholarship Fund would have saved \$860,688 in the spring 2011 semester alone.

- With an EFC of less than \$15,000:
 - 49 percent of the eligible fall 20101 cohort would have lost their scholarship;
 - 46 percent of minority students would have lost their scholarship;
 - 48 percent of Hispanic students would have lost their scholarship;
 - 54 percent of non-minority students would have lost their scholarship;
 - 34 percent to 40 percent of students in the lowest income bracket would have lost their scholarship;
 - 34 percent to 40 percent of students in the middle bracket would have lost their scholarship;
 - 61 to 89 percent of students in the highest income bracket would have lost their scholarship; and
 - With an EFC of less than \$15,000 the savings to the fund would be \$635,712.

The data indicate that an EFC of less than \$10,000 has a similar overall effect to increasing the credit hour requirement to 15 credit hours. Students in the higher income brackets would no longer be initially eligible for the scholarship, thus the actual percentage loss for each new cohort would be lower than the data currently indicate. Further, while under this scheme, students in

the higher brackets would bear the brunt of the change, the effect of loss would be mediated across ethnic groups, because a higher proportion of non-minority students are in the higher income brackets.

PRESENCE OF LOTTERY VENDORS ON INDIAN LANDS

How Many Lottery Vendors do Business on Indian Lands?

According to the New Mexico Lottery Authority, there are about 30 lottery vendors currently doing business on tribal lands.

How Much Revenue Comes from These Vendors?

According to the NMLA, vendors on tribal lands account for 2.7 percent of the Authority's retail base and 2.1 percent of total sales revenue, or for FY 11, about \$ 872,648.

**COHORT WHO RECEIVED LLS AND GRADUATED
WITHIN 6 YEARS**

Institution	Description	Head Count	Ratio
Total	Cohort	5,061	
Total	Cohort that received the lottery	3,185	63%
Total	Cohort that received the lottery and graduated within 6 years with a BA	1,861	58%
Total	Cohort that have graduated within 6 years with a BA regardless of Lottery	2,130	42%
UNM	Cohort	2,485	
UNM	Cohort that received the lottery	1,738	70%
UNM	Cohort that received the lottery and graduated within 6 years with a BA	1,010	58%
NMSU	Cohort	1,641	
NMSU	Cohort that received the lottery	959	58%
NMSU	Cohort that received the lottery and graduated within 6 years with a BA	605	63%
NM TECH	Cohort	216	
NM TECH	Cohort that received the lottery	116	54%
NM TECH	Cohort that received the lottery and graduated within 6 years with a BA	90	78%
ENMU	Cohort	393	
ENMU	Cohort that received the lottery	239	61%
ENMU	Cohort that received the lottery and graduated within 6 years with a BA	117	49%
NMHU	Cohort	154	
NMHU	Cohort that received the lottery	80	52%
NMHU	Cohort that received the lottery and graduated within 6 years with a BA	31	39%
WNMU	Cohort	151	
WNMU	Cohort that received the lottery	47	31%
WNMU	Cohort that received the lottery and graduated within 6 years with a BA	7	15%

The 4 year cohort group contains First-time, Full-time, Degree seeking New Mexico Residents, who have graduated from New Mexico High School or attained a GED , and attended a postsecondary public institution immediately after graduation/GED attainment.
fall 2003

	Total Cohort	4 YEAR	5 YEAR	6 YEAR	TOTAL
UNM	2,847	297	679	268	1,244
Ratio		10%	24%	9%	44%
NMSU	2,135	248	490	169	907
Ratio		12%	23%	8%	42%
NMIMT	290	59	60	30	149
Ratio		20%	21%	10%	51%
ENMU	543	53	77	36	166
Ratio		10%	14%	7%	31%
NMHU	221	14	22	11	47
Ratio		6%	10%	5%	21%
WNMU	305	12	22	9	43
Ratio		4%	7%	3%	14%
TOTAL	6,341	683	1,350	523	2,556
Ratio		11%	21%	8%	40.3%

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
WNMU	Western New Mexico University
WNMU	Western New Mexico University

WNMU has a dual purpose both as a 4 year and 2 year institution.				
Alternative COHORT	4 YEAR	5 YEAR	6 YEAR	TOTAL
WNMU	305	31	25	69
		10%	8%	23%

Graduation Rate reported by NMHED is slightly higher than that of what is reported by the institutions for number of reasons; Which includes cohort selection as well as availability of statewide data

The cohort includes First Time, Full time, (12 credit min at a single institution) Undergraduate student (regardless of degree seeking status)in the fall of 2003

Institution	Branch	Fall 07 qualification	Spring 08 Attainment		Fall 08 Continued	
		Lottery Cohort	Lottery attainment	Attainment Rate	2nd semester lottery	2nd semester rate
CCC	Main	68	18	26.5%	12	67%
CNM	Main	1,424	422	29.6%	239	57%
ENMU	Main	409	246	60.1%	192	78%
ENMU	Roswell Branch	297	121	40.7%	60	50%
ENMU	Ruidoso Branch	38	10	26.3%	9	90%
LCC *	Main	n/a	n/a	n/a	n/a	n/a
MCC	Main	48	21	43.8%	15	71%
NMHU	Main	235	109	46.4%	84	77%
NMIMT	Main	172	96	55.8%	86	90%
NMJC	Main	129	42	32.6%	25	60%
NMMI	Main	82	20	24.4%	14	70%
NMSU	Alamogordo Branch	176	74	42.0%	54	73%
NMSU	Carlsbad Branch	105	38	36.2%	27	71%
NMSU	Dona Ana Branch	529	226	42.7%	160	71%
NMSU	Grants Branch	66	24	36.4%	11	46%
NMSU	Main	1,287	843	65.5%	741	88%
NNMC	Main	115	50	43.5%	35	70%
SFCC	Main	184	83	45.1%	56	67%
SJC	Main	435	144	33.1%	83	58%
UNM	Gallup Branch	182	82	45.1%	38	46%
UNM	Los Alamos Branch	45	21	46.7%	15	71%
UNM	Main	2,226	1,696	76.2%	1,494	88%
UNM	Taos Branch	51	23	45.1%	18	78%
UNM	Valencia Branch	229	120	52.4%	87	73%
WNMU	Main	147	60	40.8%	48	80%
Total		8,679	4,589	52.9%	3,603	79%

* LCC did not start awarding the Lottery scholarship until 2008 AY

Institution	Branch	Fall 08 qualification	Spring 09 Attainment	
		Lottery Cohort	Attainment	Rate
CCC	Main	87	25	28.7%
CNM	Main	1,510	473	31.3%
ENMU	Main	431	277	64.3%
ENMU	Roswell	303	115	38.0%
ENMU	Ruidoso	33	15	45.5%
LCC	Main	46	25	54.3%
MCC	Main	34	12	35.3%
NMHU	Main	270	117	43.3%
NMIMT	Main	218	141	64.7%
NMJC	Main	112	42	37.5%
NMMI	Main	52	12	23.1%
NMSU	Alamogordo	202	89	44.1%
NMSU	Carlsbad	169	51	30.2%
NMSU	Dona Ana	582	269	46.2%
NMSU	Grants	76	42	55.3%
NMSU	Main	1,343	907	67.5%
NNMC	Main	138	72	52.2%
SFCC	Main	215	97	45.1%
SJC	Main	504	216	42.9%
UNM	Gallup	218	87	39.9%
UNM	Los Alamos	49	34	69.4%
UNM	Main	2,388	1,848	77.4%
UNM	Taos	61	38	62.3%
UNM	Valencia	199	98	49.2%
WNMU	Main	174	82	47.1%
Total		9,414	5,184	55.1%

LEGEND	
CCC	Clvis Community College
CNM	Central New Mexico Community College
ENMU	Eastern New Mexico University
LCC	Luna Community College
MCC	Mesalands Community College
NMHU	New Mexico Highlands University
NMIMT	New Mexico Institute of Mining and Technology
NMHJC	New Mexico Junior College
NMMI	New Mexico Military Institute
NMSU	New Mexico State University
NNMC	Northern New Mexico Community College
SFCC	Santa Fe Community College
SJC	San Juan College
UNM	University of New Mexico
WNMU	Western New Mexico University
CC	Community College

VARIATIONS ON RECIPIENT AND RENEWAL CRITERIA
FOR THE LOTTERY SCHOLARSHIP
Legislative Lottery Data Request by Legislative Lottery Study Committee
Variations on Recipient and Renewal Criteria for Lottery Scholarship
For New Mexico State University, Las Cruces Campus Students

I. Fall First-time, Degree-Seeking Student Cohort

1. A. 1,679 students entered in Fall 2010 as initially eligible for the Lottery Scholarship (71% of the Entering Student Cohort)

1. B. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort (data requested by Committee)

Proposed Criteria	Number of Recipients in the Eligible Cohort*	Percent of Eligible Cohort* Who would Lose Scholarship
1. 2.50 GPA and 12 Hours	1,139	32%
2. 2.75 GPA and 12 Hours	1,002	40%
3. 3.00 GPA and 12 Hours	882	47%
4. 2.50 GPA and 15 Hours	720	57%
5. 2.75 GPA and 15 Hours	654	61%
6. 3.00 GPA and 15 Hours	594	65%

*Eligible cohort = students entering who are New Mexico residents and graduated from a New Mexico high school in the immediate prior semester.

Comment: With current criteria (Proposal 1), nearly one-third of students are denied the Lottery Scholarship after their first semester at NMSU. **Tightening the criteria, especially by requiring 15 graded hours per semester could result in more than half of the eligible* cohort of students losing the Lottery Scholarship after their first (entering) semester.**

Comment: Past studies have shown that minority, Hispanic and low income students at NMSU are less likely to receive the Lottery Scholarship based on current criteria. **Tables 1.C and 1.D demonstrate the disproportionate effect of increasing GPA and graded hours on the loss of the Scholarship on minority/Hispanic students and low income students. If just the number of required hours was raised to 15, two-thirds of minority students would lose the scholarship compared to less than half of non-minority students, and nearly three-fourths of students with incomes less than \$20,000 would lose the scholarship compared to just over forty percent of students with the highest incomes.**

The following information is provided to demonstrate the effect of the proposed criteria on students by ethnic group and by income status:

1. C. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Ethnic Category

Proposed Criteria	Minority (n=95)		Hispanic (n=900)		Non-minority (n=684)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	60	37%	577	36%	502	27%
2. 2.75 GPA and 12 Hours	55	42%	492	45%	455	33%
3. 3.00 GPA and 12 Hours	47	51%	426	53%	409	40%
4. 2.50 GPA and 15 Hours	31	67%	336	63%	353	48%
5. 2.75 GPA and 15 Hours	30	68%	297	67%	327	52%
6. 3.00 GPA and 15 Hours	27	72%	270	70%	297	57%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

1. D. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Income Range

Proposed Criteria	Less than \$20,000 (n=297)		\$20,000 - \$39,999 (n=330)		\$40,000 - \$59,999 (n=245)		\$60,000 - \$79,999 (n=227)		\$80,000 - \$99,999 (n=169)		\$100,000 plus (n=351)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	179	40%	218	34%	166	32%	154	32%	120	29%	270	23%
2. 2.75 GPA and 12 Hours	153	48%	189	43%	145	41%	134	41%	112	34%	242	31%
3. 3.00 GPA and 12 Hours	128	57%	164	50%	125	49%	114	50%	102	40%	225	36%
4. 2.50 GPA and 15 Hours	81	73%	132	60%	102	58%	100	56%	87	49%	207	41%
5. 2.75 GPA and 15 Hours	74	75%	117	65%	95	61%	90	60%	83	51%	185	47%
6. 3.00 GPA and 15 Hours	65	78%	103	69%	85	65%	79	65%	77	54%	176	50%

Note: Income information was not available for 60 (3.6%) students

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II. Students Who Received the Lottery Scholarship in Fall 2010

2. A. 4,067 students attending NMSU, Las Cruces received the Lottery Scholarship in Fall 2010

2. B. Headcount of Recipients and Percentage Loss by Spring 2011 for Fall 2010 Lottery Scholarship Recipients (data requested by Committee)

Proposed Criteria	Number of Spring 2011 Recipients (of the Fall 2010 recipients)	Percent of Fall 2010 Recipients Who would Lose Scholarship
1. 2.50 GPA and 12 Hours	3,670	10%
2. 2.75 GPA and 12 Hours	3,365	17%
3. 3.00 GPA and 12 Hours	2,847	30%
4. 2.50 GPA and 15 Hours	1,846	55%
5. 2.75 GPA and 15 Hours	1,757	57%
6. 3.00 GPA and 15 Hours	1,545	62%

Comment: With current criteria, ten percent of students will drop off of the Lottery Scholarship by the spring semester because of grades/hours (graduation, expiration and stop outs are not included). Increasing the required graded hours has the largest impact on these students, with more than half of students losing the Scholarship if just the required hours were increased to 15. There is also a large jump in Scholarship loss between 2.75 and 3.00 cumulative GPA if the graded hours remain at 12.

Comment: As with the first-time students, minority, Hispanic and low income students are less likely to continue to receive the Lottery Scholarship based on current criteria, and freshmen have higher loss rates than do seniors. Thus, implementing more stringent renewal criteria will affect freshmen to a higher degree, and thus will reduce continuation rates over time by more than is reported in the counts presented (Table 2.C). Tables 2.D and 2.E demonstrate the disproportionate effect of increasing GPA and graded hours on the loss of the Scholarship on minority/Hispanic students and low income continuing students. If the number of required hours was raised to 15, 60% of Hispanic students who had the Lottery Scholarship in Fall 2010 would lose the scholarship in Spring 2011 compared to less than half of non-minority students, and nearly two-thirds of students with incomes less than \$20,000 would lose the scholarship compared to 44% of students with the highest incomes.

The following information is provided to demonstrate the effect of the proposed criteria on continuing students by class, ethnic group and income status:

2. C. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Recipients, by Student Class

Proposed Criteria	Freshman (n=347)		Sophomore (n=1,621)		Junior (n=1,026)		Senior (n=1,072)	
	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose
1. 2.50 GPA and 12 Hours	270	22%	1,453	10%	950	7%	997	7%
2. 2.75 GPA and 12 Hours	223	36%	1,311	19%	870	15%	961	10%
3. 3.00 GPA and 12 Hours	182	48%	1,086	33%	721	30%	858	20%
4. 2.50 GPA and 15 Hours	55	84%	664	59%	533	48%	594	45%
5. 2.75 GPA and 15 Hours	49	86%	627	61%	505	51%	576	46%
6. 3.00 GPA and 15 Hours	42	88%	558	66%	437	57%	508	53%

2. D. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Recipients, by Ethnic Category

Proposed Criteria	Minority (n=187)		Hispanic (n=1,952)		Non-minority (n=1,928)	
	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose
1. 2.50 GPA and 12 Hours	169	10%	1,732	11%	1,769	8%
2. 2.75 GPA and 12 Hours	143	24%	1,556	20%	1,666	14%
3. 3.00 GPA and 12 Hours	117	37%	1,275	35%	1,455	25%
4. 2.50 GPA and 15 Hours	80	57%	786	60%	980	49%
5. 2.75 GPA and 15 Hours	70	63%	742	62%	945	51%
6. 3.00 GPA and 15 Hours	60	68%	633	68%	852	56%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

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2. E. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Recipients, by Income Range

Proposed Criteria	Less than \$20,000 (n=650)		\$20,000 - \$39,999 (n=655)		\$40,000 - \$59,999 (n=448)		\$60,000 - \$79,999 (n=314)		\$80,000 - \$99,999 (n=237)		\$100,000 plus (n=532)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	549	16%	579	12%	407	9%	284	10%	220	7%	496	7%
2. 2.75 GPA and 12 Hours	499	23%	508	22%	362	19%	265	16%	204	14%	466	12%
3. 3.00 GPA and 12 Hours	406	38%	420	36%	293	35%	222	29%	180	24%	407	24%
4. 2.50 GPA and 15 Hours	214	67%	244	63%	193	57%	145	54%	125	47%	297	44%
5. 2.75 GPA and 15 Hours	207	68%	225	66%	179	60%	136	57%	119	50%	281	47%
6. 3.00 GPA and 15 Hours	176	73%	196	70%	153	66%	116	63%	109	54%	260	51%

Note: Income information was not available for 1,231 (30%) students

III. Suggested Proposals by NMSU, Las Cruces

Keep the current recipient/renewal criteria (2.5 GPA and 12 hours), and set limit of eligibility for those students who have an Effective Family Contribution below a defined limit.

Comment: Using Effective Family Contribution (EFC) instead of income most accurately reflects other family costs that can affect paying for college such as number of children in the household.

A. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort

Proposed Criteria	Number of Recipients in the Eligible Cohort	Percent of Eligible Cohort Who would Lose Scholarship
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1. EFC less than \$10,000	722	57%
2. EFC less than \$15,000	831	49%

Comment: Proposal 1 would decrease the number of students who receive the Lottery Scholarship by 417 students (compared to current criteria). This would have an effect similar to increasing the graded hours to 15 and keeping the GPA requirement at 2.50. While this is still extremely punitive to students who rely on the Lottery Scholarship, at the current tuition rate of \$2,064, this would result in \$860,688 less spent from the Lottery Scholarship Fund, just for Spring 2011. For Proposal 2, the savings would be \$635,712. Also, students in the higher income brackets would no longer be initially eligible for the Scholarships; thus the actual percentage loss for each new student cohort would be lower than portrayed in this table.

The following information demonstrates the effect of NMSU's proposals on entering students by ethnic group and income status:

A.1. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Ethnic Category

Proposed Criteria	Minority (n=95)		Hispanic (n=900)		Non-minority (n=684)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	47	51%	421	53%	254	63%
2. EFC less than \$15,000	51	46%	468	48%	312	54%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

Comment: Using Effective Family Contribution (EFC) as part of the eligibility criteria, instead of increasing the academic requirements, mediates the effect of loss across the ethnic groups. In this scenario, non-minority students lose eligibility for the Lottery Scholarship at a slightly greater rate than minority/Hispanic students because a higher proportion of non-minority students are in higher income brackets.

A.2. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Income Range

Proposed Criteria	Less than \$20,000 (n=297)		\$20,000 - \$39,999 (n=330)		\$40,000 - \$59,999 (n=245)		\$60,000 - \$79,999 (n=227)		\$80,000 - \$99,999 (n=169)		\$100,000 plus (n=351)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	179	40%	215	35%	160	35%	91	60%	34	80%	11	97%
2. EFC less than \$15,000	179	40%	218	34%	161	34%	136	40%	66	61%	39	89%

Note: Income information was not available for 60 (3.6%) students

Comment: Using Effective Family Contribution (EFC) as part of the eligibility criteria, instead of increasing the academic requirements, will result in those students in the higher income brackets assuming the brunt of the change.

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B. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients

Proposed Criteria	Number of Recipients in the Eligible Cohort	Percent of Eligible Cohort Who would Lose Scholarship
1. EFC less than \$10,000	2,948	28%
2. EFC less than \$15,000	3,179	22%

Comment: Proposal 1 would decrease the number of students who receive the Lottery Scholarship by 722 students (compared to current criteria). At the current tuition rate of \$2,064, this would result in \$1,490,208 less spent from the Lottery Scholarship Fund, just for Spring 2011. For Proposal 2, the savings would be \$1,013,424, just at NMSU, Las Cruces.

B.1. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Student Class

Proposed Criteria	Freshman (n=347)		Sophomore (n=1,621)		Junior (n=1,026)		Senior (n=1,072)	
	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose
1. EFC less than \$10,000	240	31%	1,161	28%	742	28%	805	25%
2. EFC less than \$15,000	247	29%	1,258	22%	803	22%	871	19%

B.2. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Ethnic Category

Proposed Criteria	Minority (n=187)		Hispanic (n=1,952)		Non-minority (n=1,928)	
	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose
1. EFC less than \$10,000	132	29%	1,448	26%	1,368	29%
2. EFC less than \$15,000	147	21%	1,543	21%	1,489	23%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

Comment: As with the entering students, using EFC as part of the eligibility criteria, instead of increasing the academic requirements, mediates the effect of loss across the ethnic groups, thus not having the effect of the HED proposals that would negatively affect the balance of Lottery Scholarship recipients by ethnic group.

B.3. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Income Range

Proposed Criteria	Less than \$20,000 (n=650)		\$20,000 - \$39,999 (n=655)		\$40,000 - \$59,999 (n=448)		\$60,000 - \$79,999 (n=314)		\$80,000 - \$99,999 (n=237)		\$100,000 plus (n=532)	
	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose	Number Receive	Percent Lose
1. EFC less than \$10,000	546	16%	573	13%	396	12%	210	33%	67	72%	21	96%
2. EFC less than \$15,000	547	16%	576	12%	403	10%	268	15%	130	45%	120	77%

Note: Income information was not available for 1,231 (30%) students

Comment: Although using EFC as part of the eligibility criteria, instead of increasing the academic requirements, will most negatively affect students in the higher income brackets, the effect is less extreme with the EFC limit of \$15,000, approximately equal to a \$60,000 income.

C. Set the Lottery Scholarship to a defined amount and not change the academic requirements

For those who would receive the Lottery Scholarship in Spring 2011

Lottery Scholarship Pay Rate	Fall 2010 Cohort (n = 1,139)		Fall 2010 Recipients (n=3,670)	
	Cost	Savings	Cost	Savings
\$2,064 (current rate)	\$2,350,896		\$7,574,880	
\$2,000 per semester	\$2,278,000	\$72,896	\$7,340,000	\$234,880
\$1,500 per semester	\$1,708,500	\$642,396	\$5,505,000	\$2,069,880
\$1,000 per semester	\$1,139,000	\$1,211,896	\$3,670,000	\$3,904,880

Comment: One of the biggest drains on the Lottery Scholarship Fund is the yearly increase in tuition, especially at the four-year institutions. By limiting the amount of the Lottery Scholarship, it could save money without significantly affecting the number of students who receive the Scholarship, it would make it somewhat easier to forecast the draw from the Fund, and it would be up to the institutions to make up any difference between tuition and the Scholarship. While it will not affect the disproportionate loss that is currently occurring for minority and low income students, neither does it exacerbate this situation.

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I. Fall First-time Students

1. A. 1,322 students entered in Fall 2010 as initially eligible for the Lottery Scholarship (56% of first-time entering students)

1. B. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 First-time Students (data requested by Committee)

Proposed Criteria	Number of Recipients in the Eligible Cohort*	Percent of Eligible Cohort Who would Lose Scholarship*
1. 2.50 GPA and 12 Hours	517	61%
2. 2.75 GPA and 12 Hours	447	66%
3. 3.00 GPA and 12 Hours	380	71%
4. 2.50 GPA and 15 Hours	41	97%
5. 2.75 GPA and 15 Hours	38	97%
6. 3.00 GPA and 15 Hours	35	97%

*Eligible cohort = students entering who are New Mexico residents and graduated from a New Mexico high school in the immediate prior semester.

Comment: Under the current criteria (Proposal 1), more than 60% of students entering an NMSU community college immediately after high school are denied the Lottery Scholarship after their first semester (they never receive the Scholarship). Increasing the GPA requirement further restricts the number of recipients, albeit minimally. However, changing the graded hours requirement from 12 to 15 has a significant impact on these students, to the degree that only 3% would receive the Scholarship. Most of the eligible* entering students at the NMSU Community Colleges earn between 12 and 14 credits in their first semester; very few students earn fifteen credits each semester (see table below). Thus, this one change in the criteria would make the Lottery Scholarship out of reach for most NMSU community college students.

Matrix of Fall 2010 semester GPA and graded credits for all entering eligible new students at the four NMSU community colleges

Semester GPA	Number of Graded Credits			
	1 - 11	12 -14	15 +	Total
0-2.49	274	392	30	696
2.50-2.74	18	67	3	88
2.75-2.99	8	64	3	75
3.00 +	79	345	35	459
Total	379	868	71	1,318

Source: ODS FRZ_GPA as of 01/06/11

Comment: As with the Las Cruces Campus students, minority, Hispanic and low income students at the NMSU community colleges are less likely to receive the Lottery Scholarship, based on the current criteria. Tables 1.C and 1.D demonstrate the disproportionate effect of increasing GPA and graded hours on the loss of the Scholarship on minority/Hispanic students and low income students. Increasing the minimum semester GPA would mean fewer Hispanic and minority students would receive the Lottery Scholarship, but the percent increase in loss would be roughly similar across all ethnic groups. Increasing the graded hours requirement affects all ethnic groups similarly - only a handful of students in each ethnic group would qualify. A very similar pattern is found by income range.

The following information is provided to demonstrate the effect of the proposed criteria on students by ethnic group and by income status:

1. C. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 First-time Students, by Ethnic Category

Proposed Criteria	Minority (n=72)		Hispanic (n=923)		Non-minority (n=327)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	17	76%	363	61%	137	58%
2. 2.75 GPA and 12 Hours	15	79%	306	67%	126	61%
3. 3.00 GPA and 12 Hours	13	82%	254	72%	113	65%
4. 2.50 GPA and 15 Hours	3	96%	23	98%	15	95%
5. 2.75 GPA and 15 Hours	3	96%	21	98%	14	96%
6. 3.00 GPA and 15 Hours	3	96%	19	98%	13	96%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

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1. D. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 First-time Students, by Income Range

Proposed Criteria	Less than \$20,000 (n=493)		\$20,000 - \$39,999 (n=327)		\$40,000 - \$59,999 (n=172)		\$60,000 - \$79,999 (n=83)		\$80,000 - \$99,999 (n=53)		\$100,000 plus (n=60)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	170	66%	131	60%	79	54%	35	58%	29	45%	33	45%
2. 2.75 GPA and 12 Hours	144	71%	115	65%	68	60%	29	65%	27	49%	32	47%
3. 3.00 GPA and 12 Hours	126	74%	96	71%	57	67%	27	67%	21	60%	27	55%
4. 2.50 GPA and 15 Hours	15	97%	8	98%	5	97%	5	94%	1	98%	3	95%
5. 2.75 GPA and 15 Hours	14	97%	6	98%	5	97%	5	94%	1	98%	3	95%
6. 3.00 GPA and 15 Hours	13	97%	6	98%	5	97%	5	94%	1	98%	1	98%

Note: Income information was not available for 134 (10.1%) students

II. Students Who Received the Lottery Scholarship in Fall 2010

2. A. 587 students attending the four NMSU community colleges received the Lottery Scholarship in Fall 2010

2. B. Headcount of Recipients and Percentage Loss by Spring 2011 for Fall 2010 Lottery Scholarship Recipients (data requested by Committee)

Proposed Criteria	Number of Spring 2011 Recipients (of the Fall 2010 recipients)	Percent of Fall 2010 Recipients Who would Lose Scholarship
1. 2.50 GPA and 12 Hours	483	18%
2. 2.75 GPA and 12 Hours	430	27%
3. 3.00 GPA and 12 Hours	362	38%
4. 2.50 GPA and 15 Hours	73	88%
5. 2.75 GPA and 15 Hours	71	88%
6. 3.00 GPA and 15 Hours	65	89%

Comment: With current criteria, 18% of NMSU community college students will drop off of the Lottery Scholarship by the spring semester because of grades/hours (graduation, expiration and stop outs are not included). Increasing the cumulative GPA requirement would increase the percentage of students who lose the Scholarship by about 10% with each jump in GPA. As with the entering students, increasing the requirement to 15 hours has the largest impact on these students; nearly 88% would be unable to renew their scholarship.

Comment: As with the Las Cruces Campus students, continuing freshmen will be more likely to lose their Lottery Scholarship than sophomores and upper classmen (Table 2.C). This includes both increases in GPA and in hours. However, the effect is slightly different by ethnic group and by income range. A higher percentage of non-minority students keep their scholarship if GPA is raised to 2.75, and it is the Hispanic students who lose the most if GPA is raised to 3.00 (Table 2.D). Raising the minimum required graded hours significantly affects all students, but has the most impact on the Hispanic students. The effect on students by income range is more of a mixed bag, with those between \$20,000 and \$60,000 having the highest loss rates.

The following information is provided to demonstrate the effect of the proposed criteria on continuing students by class, ethnic group and income status:

2. C. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Student Class

Proposed Criteria	Freshman (n=160)		Sophomore (n=376)		Other* (n=51)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	120	25%	316	16%	47	8%
2. 2.75 GPA and 12 Hours	102	36%	283	25%	45	12%
3. 3.00 GPA and 12 Hours	88	45%	235	38%	39	24%
4. 2.50 GPA and 15 Hours	9	94%	52	86%	12	76%
5. 2.75 GPA and 15 Hours	9	94%	51	86%	11	78%
6. 3.00 GPA and 15 Hours	8	95%	48	87%	9	82%

*Includes both juniors and seniors

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2. D. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Ethnic Category

Proposed Criteria	Minority (n=25)		Hispanic (n=366)		Non-minority (n=196)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	20	20%	299	18%	164	16%
2. 2.75 GPA and 12 Hours	18	28%	260	29%	152	22%
3. 3.00 GPA and 12 Hours	17	32%	212	42%	133	32%
4. 2.50 GPA and 15 Hours	4	84%	36	90%	33	83%
5. 2.75 GPA and 15 Hours	4	84%	34	91%	33	83%
6. 3.00 GPA and 15 Hours	4	84%	28	92%	33	83%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

2. E. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Income Range

Proposed Criteria	Less than \$20,000 (n=197)		\$20,000 - \$39,999 (n=133)		\$40,000 - \$59,999 (n=65)		\$60,000 - \$79,999 (n=30)		\$80,000 - \$99,999 (n=15)		\$100,000 plus (n=20)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. 2.50 GPA and 12 Hours	156	21%	114	14%	51	22%	25	17%	15	0%	16	20%
2. 2.75 GPA and 12 Hours	146	26%	97	27%	43	34%	23	23%	13	13%	16	20%
3. 3.00 GPA and 12 Hours	120	39%	81	39%	36	45%	20	33%	11	27%	11	45%
4. 2.50 GPA and 15 Hours	22	89%	12	91%	8	88%	3	90%	2	87%	4	80%
5. 2.75 GPA and 15 Hours	22	89%	11	92%	7	89%	3	90%	2	87%	4	80%
6. 3.00 GPA and 15 Hours	18	91%	10	92%	6	91%	3	90%	2	87%	4	80%

Note: Income information was not available for 127 (22%) students

III. Suggested Proposals by NMSU, Las Cruces

Keep the current recipient/renewal criteria (2.5 GPA and 12 hours), and set limit of eligibility for those students who have an *Effective Family Contribution* below a defined limit.

Comment: Using Effective Family Contribution (EFC) instead of income most accurately reflects other family costs that can affect paying for college such as number of children in the household.

A. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort

Proposed Criteria	Number of Recipients in the Eligible Cohort	Percent of Eligible Cohort Who would Lose Scholarship
1. EFC less than \$10,000	461	65%
2. EFC less than \$15,000	479	64%

Comment: Both Proposals 1 and 2 would have a minimal impact on the recipient rate of first-time students entering NMSU's community colleges. It would increase recipient loss slightly more than the current criteria. Proposal 1 would decrease Lottery Scholarship recipients by 56 students, and Proposal 2 would decrease recipients by 38 students. At the current tuition rate for in-district student (\$780 at NMSU-Alamogordo, the highest rate at the NMSU community colleges), this would save approximately \$29,640.

The following information demonstrates the effect of NMSU's proposals on entering students by ethnic group and income status:

A.1. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Ethnic Category

Proposed Criteria	Minority (n=72)		Hispanic (n=923)		Non-minority (n=327)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	15	79%	337	63%	109	67%
2. EFC less than \$15,000	16	78%	345	63%	118	64%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

Comment: Using Effective Family Contribution (EFC) as part of the eligibility criteria, instead of increasing the academic requirements, benefits the Hispanic students and the non-minority student loss increases slightly.

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A.2. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Student Cohort, by Income Range

Proposed Criteria	Less than \$20,000 (n=493)		\$20,000 - \$39,999 (n=327)		\$40,000 - \$59,999 (n=172)		\$60,000 - \$79,999 (n=83)		\$80,000 - \$99,999 (n=53)		\$100,000 plus (n=60)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	170	66%	131	60%	77	55%	30	63%	11	79%	2	97%
2. EFC less than \$15,000	170	66%	131	60%	78	55%	34	59%	19	64%	7	88%

Note: Income information was not available for 60 (3.6%) students

Comment: Using Effective Family Contribution (EFC) as part of the eligibility criteria, instead of increasing the academic requirements, will have the most impact on students with incomes above \$79,999.

B. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Community College Lottery Scholarship Recipients (N=587)

Proposed Criteria	Number of Recipients in the Eligible Cohort	Percent of Eligible Cohort Who would Lose Scholarship
1. EFC less than \$10,000	443	25%
2. EFC less than \$15,000	460	22%

Comment: As with the entering students, changing to an EFC based criterion would have less of a negative impact on students than would changing the academic criteria. However, it does reduce the number of students on the scholarship by 40 (or 7%).

B.1. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Student Class

Proposed Criteria	Freshman (n=160)		Sophomore (n=376)		Other* (n=51)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	112	30%	290	23%	41	20%
2. EFC less than \$15,000	116	28%	299	20%	45	12%

*Includes both juniors and seniors

B.2. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Ethnic Category

Proposed Criteria	Minority (n=25)		Hispanic (n=366)		Non-minority (n=196)	
	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	16	36%	281	23%	146	26%
2. EFC less than \$15,000	16	36%	289	21%	155	21%

Minority= American Indian, Black, Hawaiian Pacific and multiple race that includes one of these races.

Non-minority= White, Asian American, Other, Unknown

Comment: These proposals have the biggest impact on the small number of minority students; however, the impact on Hispanic and non-minority students is minimal.

B.3. Headcount of Recipients and Percentage Loss by Spring 2011 for the Fall 2010 Lottery Scholarship Recipients, by Income Range

Proposed Criteria	Less than \$20,000 (n=197)		\$20,000 - \$39,000 (n=133)		\$40,000 - \$59,000 (n=65)		\$60,000 - \$79,000 (n=30)		\$80,000 - \$99,000 (n=15)		\$100,000 plus (n=20)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose	Receive	Lose
1. EFC less than \$10,000	155	21%	114	14%	50	23%	16	47%	2	87%	0	100%
2. EFC less than \$15,000	155	21%	114	14%	51	22%	24	20%	8	47%	2	90%

Note: Income information was not available for 127 (22%) students

Comment: Proposal 1 will have the most negative effect on community college students with incomes of at least \$60,000 (approximately 14% of current Lottery Scholarship recipients who have provided income information), while proposal 2 would affect those with incomes of at least \$80,000 (8% of current recipients).

C. Set the Lottery Scholarship to a defined amount and not change the academic requirements

Because of the low cost of tuition at the NMSU community colleges, the relatively limited resources for additional scholarships and the limited number of community college students who retain the Lottery Scholarship, it is suggested that the Lottery Scholarship continue to pay all tuition costs for student enrollment at the community colleges.