

NEW MEXICO HIGHER EDUCATION DEPARTMENT



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Legislative Lottery Scholarship Report December 2014

I. INTRODUCTION

The purpose of the Legislative Lottery Tuition Scholarship (commonly called the Lottery Scholarship) is to provide tuition assistance for higher education students pursuant to the Legislative Lottery Tuition Scholarship Act. In accordance with changes to the Act enacted in 2014 through Senate Bill 347, the Higher Education Department (HED, or “the Department”) reports each year to the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA) on the status of the Legislative Lottery Tuition Fund and the Tuition Scholarship program. As the statute directs, HED presents this report covering the status of the Fund as well as Lottery Scholarship program participation data as of the end of Fiscal Year 2014 (FY14, the period ending June 30, 2014).

II. LOTTERY TUITION FUND STATUS

At the close of FY13, the Lottery Tuition Fund had an entering balance of \$18.8M. Revenues totaled \$61.45M while total Lottery Scholarship tuition payments totaled \$66.8M. The Lottery Tuition Fund ended FY14 with a fund balance of \$12.5M. Table 1 summarizes FY14 Lottery Tuition Fund revenues and expenditures.

Table 1: FY14 Lottery Tuition Fund Activity Summary	
Fund Balance Beginning FY14	\$18,820,136
NM Lottery Authority Revenues	\$40,941,550
Interest	\$19,139
TRD Voluntary Contributions, Other Misc. Revenue	\$13,201
Tobacco Settlement Fund Distribution	\$5,281,000
Z40577 Supplemental Appropriation	\$2,900,000
Z40618 Supplemental Appropriation	\$11,000,000
SHARE Adjustment for June 14 Over-Accrual/Other ¹	\$370,214
Subtotal FY14 Revenues	\$60,525,104
Fall 2013 Lottery Scholarship Payments	(\$31,257,605)
Spring 2014 Lottery Scholarship Payments	(\$35,561,552)
Subtotal FY14 Expenditures	(\$66,819,156)
Fund Balance Ending FY14 ²	\$12,526,084

¹ Lottery proceeds are received one month in arrears; The adjustment for over-accrual balances the FY14 lottery proceeds for June revenue received in July 2014.

² Amount includes \$3,440,000.00 of receivables.

III. TUITION SCHOLARSHIP PROGRAM PARTICIPATION DATA

In accordance with 2014 Senate Bill 347, HED has compiled the following student data for the purpose of reporting to LFC and DFA.

A. Numbers of students who received tuition scholarships in the prior twelve-month period—“qualified” and “legacy” students.

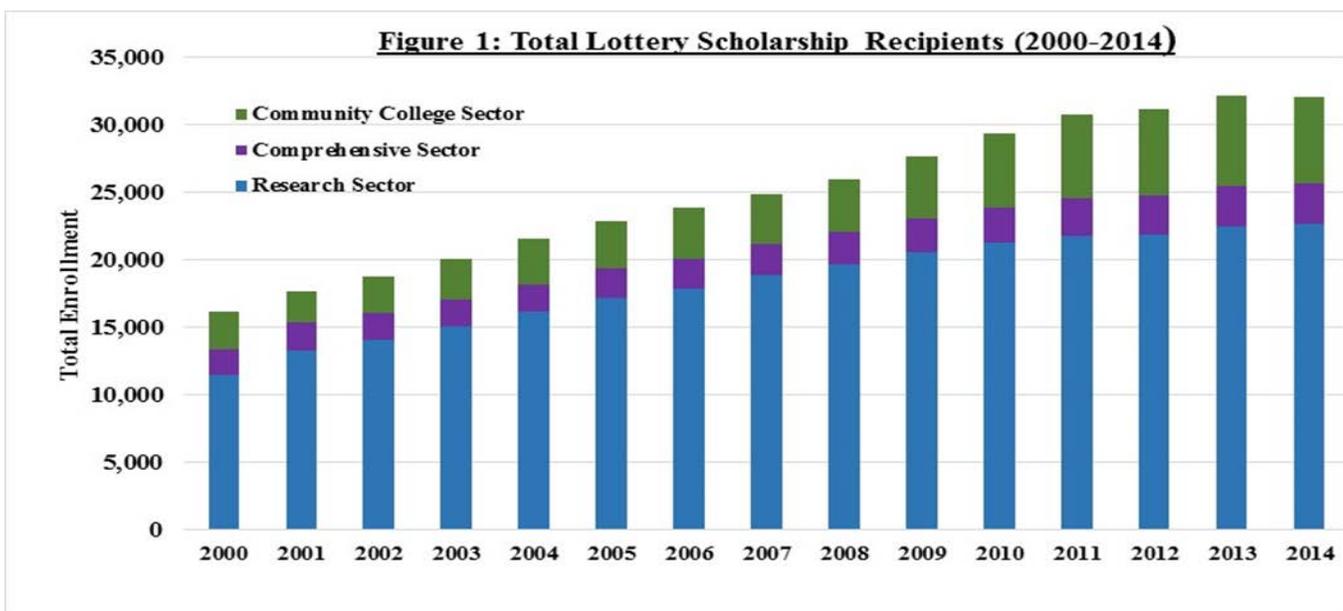
As directed by SB347 and rule 5.7.20.7 NMAC, a “legacy student” is defined as a full time resident student who has received three or more semesters of Lottery Scholarship awards by the end of Fiscal Year 2014. A “qualified student” is a full-time student who entered a public higher education institution either immediately after earning a high school diploma or equivalency or within one year after completing U.S. military service that immediately followed high school, and who has successfully completed the first semester of higher education with a grade point average of 2.5 or better.

The purpose of distinguishing qualified and legacy students is to observe the effect of changes in eligibility requirements enacted by SB347 (including a change in credit hour requirements from 12 to 15 for students at Research and Comprehensive institutions). Therefore, for the purposes of this report covering FY14 (i.e., fall 2013 and spring 2014 academic semesters), there is no distinction between a qualified student and a legacy student.

In FY14, there was a total of 32,070 Lottery Scholarship recipients distributed by sector as follows:

- 22,687 recipients at the research institutions;
- 3,036 recipients at the four-year comprehensive colleges; and
- 6,347 recipients at the two-year independent and branch community colleges.

Figure 1, below, plots the distribution of Lottery Scholarship recipients for fiscal years 2000 through 2014. Since 2000, there has been a nearly two-fold increase in the number of Lottery Scholarship recipients; however, enrollment at the public higher education institutions has leveled off in recent years and is projected to remain stable through FY15.

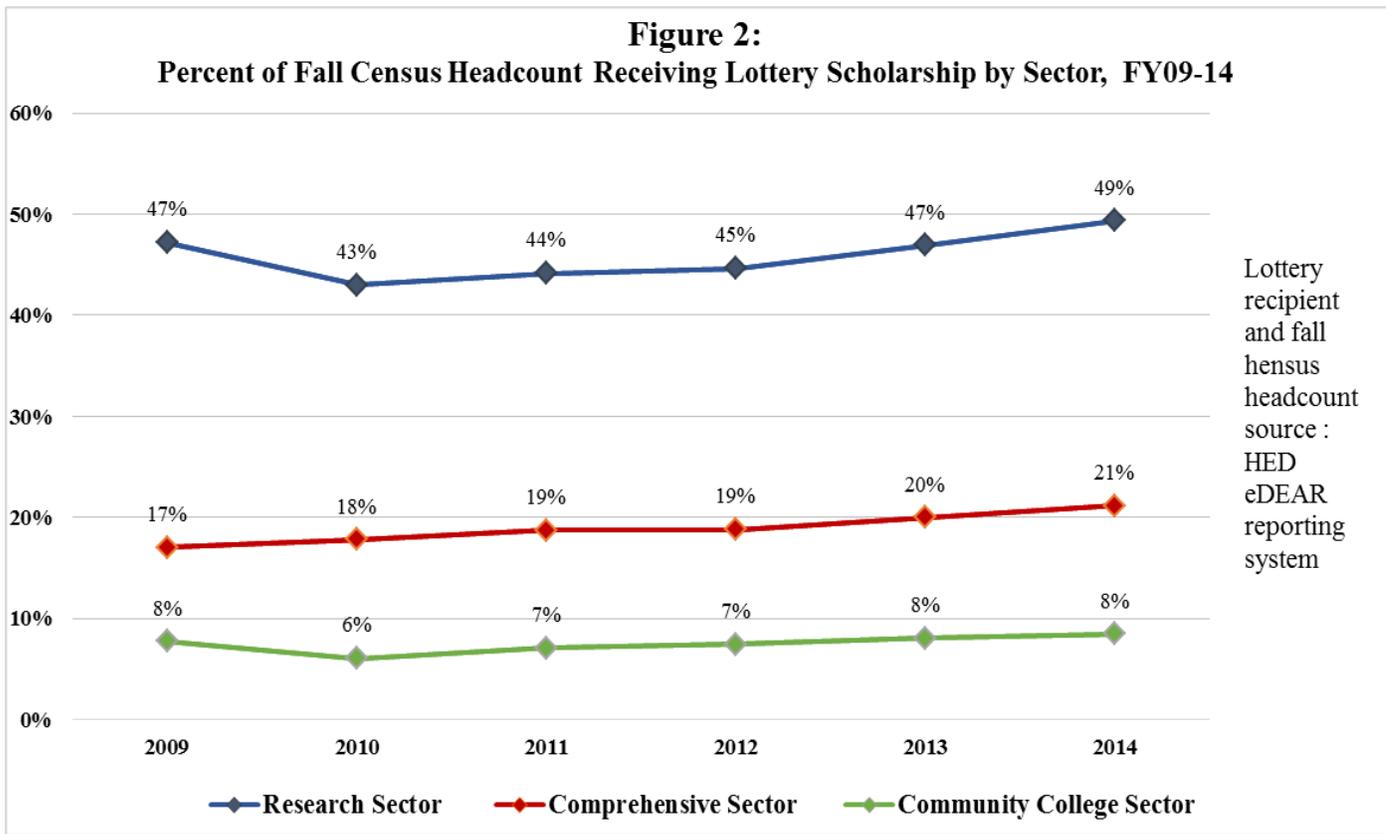


B. Total number of students, including qualified students and legacy students, enrolled in the prior twelve-month period.

For the purposes of this report covering FY14, there is no distinction between a qualified student and a legacy student. Table 2, below, shows FY14 enrollment data and the number of Lottery Scholarship recipients for each institution. (Institutions are grouped by sector.)

Table 2: FY14 Student Headcount and Lottery Scholarship Recipients (source: HED eDEAR reporting system)			
Institution	Student Headcount	Lottery Scholarship Recipients	Scholarship Recipients as Percentages of Total Students
NM Tech	2,127	1,080	50.8%
NMSU	15,829	7,385	46.7%
UNM	28,006	14,222	50.8%
RESEARCH SECTOR TOTAL	45,962	22,687	49.4%
ENMU	5,887	1,767	30.0%
NMHU	3,546	520	14.7%
NNMC	1,349	319	23.6%
WNMU	3,557	430	12.1%
COMPREHENSIVE SECTOR TOTAL	14,339	3,036	21.2%
ENMU-Roswell	2,866	343	12.0%
ENMU-Ruidoso	922	101	11.0%
NMSU-Alamogordo	2,095	132	6.3%
NMSU-Carlsbad	1,852	123	6.6%
NMSU-Dona Ana	8,448	1,095	13.0%
NMSU-Grants	942	60	6.4%
UNM-Gallup	2,409	113	4.7%
UNM-Los Alamos	865	80	9.2%
UNM-Taos	1,835	100	5.4%
UNM-Valencia	2,364	324	13.7%
Central NM CC	26,894	2,503	9.3%
Clovis CC	3,747	144	3.8%
Luna CC	1,451	85	5.9%
Mesalands CC	708	39	5.5%
New Mexico Junior College	2,931	140	4.8%
San Juan College	7,786	496	6.4%
Santa Fe CC	6,355	454	7.1%
NMMI	457	15	3.3%
COMMUNITY COLLEGE SECTOR TOTAL	74,927	6,347	8.5%

The percentage of Lottery Scholarship recipients is highest at the Research institutions, followed by the Comprehensive universities with the lowest percentage of students receiving Lottery Scholarships within the Community College sector (two-year institutions). Figure 2, below, shows students receiving Lottery Scholarships distributed by sector from FY09 through FY14.



C. For each semester, the amount of Lottery Scholarships funded and the amounts of tuition costs that were not offset by the Lottery Scholarship.

In FY14, 100% of tuition costs were paid through the Lottery Tuition Fund, and 100% of the sector average tuition costs were paid in fall 2014. HED projects that beginning with spring 2015, the Lottery Tuition Fund will not be able to support the full 100% of sector average tuition; the percentage that the Fund will be able to support has not been determined as of this publication but is currently estimated at 95% of the sector average.

Table 3, below, shows the distribution of Lottery Tuition Fund dollars, by institution, in FY14.

Table 3: FY14 Lottery Scholarship Distributions by Institution					
Institution	Fall 13	Spring 14	Institution	Fall 13	Spring 14
NM Tech	\$ 1,262,646	\$ 1,484,751	UNM-Gallup	\$ 39,986	\$ 41,330
NMSU	\$ 8,734,817	\$ 9,116,471	UNM-Los Alamos	\$ 26,671	\$ 36,251
UNM	\$ 17,613,618	\$ 20,233,270	UNM-Taos	\$ 31,424	\$ 46,093
ENMU	\$ 1,162,286	\$ 1,429,918	UNM-Valencia	\$ 97,050	\$ 141,625
NMHU	\$ 371,928	\$ 406,281	Central NM CC	\$ 478,341	\$ 737,988
NNMC	\$ 207,643	\$ 228,027	Clovis CC	\$ 36,648	\$ 33,846
WNMU	\$ 304,403	\$ 420,060	Luna CC	\$ 15,695	\$ 23,472
ENMU-Roswell	\$ 95,100	\$ 145,663	Mesalands CC	\$ 12,144	\$ 16,482
ENMU-Ruidoso	\$ 8,631	\$ 20,126	NMJC	\$ 21,593	\$ 41,745
NMSU-Alamogordo	\$ 73,760	\$ 76,818	San Juan College	\$ 157,932	\$ 164,820
NMSU-Carlsbad	\$ 24,906	\$ 44,763	Santa Fe CC	\$ 100,829	\$ 148,291
NMSU-Dona Ana	\$ 352,073	\$ 484,156	NMMI	\$ 3,929	\$ 7,855
NMSU-Grants	\$ 23,553	\$ 31,451			
FY14 Grand Total	\$66,819,156				

D. Numbers of qualified students and legacy students who graduated with degrees and, for each qualified student, the number of consecutive semesters and nonconsecutive semesters attended prior to graduation.

For the purposes of this report covering FY14, there is no distinction between a qualified student and a legacy student. Table 4 presents the distribution of degree awardees by the number of semesters of Lottery Scholarship assistance received.

Table 4: Distribution of Lottery Scholarship Recipient Degree Awardees FY00 through FY14					
Total Number of Semesters Receiving Lottery Scholarship	No Degrees Awarded	Degrees or Certificates Awarded	Total	Percent With an Award	Average Number of Semesters from Lottery Scholarship to Award
1	21,743	3,919	25,662	15.3%	8.4
2	8,124	3,207	11,331	28.3%	7.7
3	8,591	3,378	11,969	28.2%	5.9
4	3,443	4,192	7,635	54.9%	5.6
5	4,231	2,380	6,611	36.0%	6.3
6	1,607	2,544	4,151	61.3%	6.6
7	3,839	9,182	13,021	70.5%	5.9
8	2,363	10,766	13,129	82.0%	7.4

Recalling that the majority of Lottery Scholarship recipients are attending the four-year Comprehensive and Research institutions, the data in Table 4 suggests that recipients who receive six or more semesters of the Scholarship are relatively successful, with 61% or more receiving a degree or certificate. The percentage of students with four or fewer semesters receiving a degree should be viewed with some

caution, as some of these students enrolled in FY12 or later and may not yet have had adequate time to complete their degrees or certificates.

The purpose of reporting on the number of consecutive and nonconsecutive semesters attended prior to graduation is to gauge the effects of changes in student eligibility as enacted in 2014 Senate Bill 347; the number of scholarship-eligible degree recipients in FY14 will, therefore, serve as the baseline. Table 5, below, shows the distribution of awardees that received a degree in FY14 that were continuously vs. non-continuously enrolled (not including summer semesters). Of the 5,636 total awardees in FY14, 68% of Lottery Scholarship recipients received degrees even when they were not enrolled for at least one fall or spring semester. With the changes in eligibility requirements enacted in 2014's Senate Bill 347 and 5.7.20 NMAC, the Department anticipates a reduction in the number of non-continuously enrolled degree recipients.

Table 5: Distribution of FY14 Degree Recipients, Continuously v. Non-Continuously Enrolled					
Degree Description	Total Awardees	# Cont. Enrolled	Percent Cont. Enrolled	# Non-Cont. Enrolled	Percent Non-Cont. Enrolled
Awards of less than 1 academic year	204	46	23%	158	77%
Awards of at least 1 year but less than 2 years	371	98	26%	273	74%
Associate's Degree (2 year degree)	1,397	265	19%	1,132	81%
Awards of at least 2 years but less than 4 years	26	6	23%	20	77%
Bachelor's Degree	3,517	1,398	40%	2,119	60%
PharmD Degree ³	121	0	0%	121	100%
Grand Total	5,636	1,813	32%	3,823	68%

IV. LOTTERY SCHOLARSHIP ELIGIBILITY

It is worth noting that Senate Bill 347 enacted in 2014 brought changes to student eligibility criteria that may, in the future, reduce the total number of Lottery Scholarships. Some of these changes were explicitly specified within the legislation, and some in additional rules promulgated by HED and published in 5.7.20 NMAC. The eligibility criteria are summarized below (changes to eligibility established in 2014 are indicated by an asterisk):

- Students must maintain continuous enrollment, not including summer semesters, and maintain a 2.5 cumulative GPA on a 4.0 scale;
- *For students who have less than three semesters of Lottery Scholarship awards at the end of FY14 (non-legacy students), the credit hour requirement has changed from 12 to 15 credit hours per semester for students at Comprehensive and Research institutions;

³ Pharm-D graduates participate in a clinical internship that affects their enrollment status prior to receipt of their degree. While their program of study is six years, they do not obtain Bachelor's Degrees prior to their PharmD. Lottery Scholarship eligibility is limited to four years.

- *A student may receive a maximum of three semesters of Lottery Scholarship tuition assistance at a two-year institution or a maximum of seven semesters if enrolled at a Research or Comprehensive institution; provisions are made for students who transfer from a two-year schools to four-year schools to complete a bachelor's degree;
- *Students with documented disabilities may maintain eligibility with a reduced course load of a minimum of six credit hours per semester; for these students, the maximum number of award semesters is increased to seven semesters at two-year institutions and fourteen semesters at four-year institutions; and
- *Qualified students with exceptional mitigating circumstances may be allowed a probationary semester, as determined by the institution's financial aid officer.

The eligibility changes made in 2014 may reduce the total number of Lottery Scholarships and may help preserve the long-term stability of the Lottery Tuition Fund. At the time of this report, the effect of these changes has not been fully determined.