

**Report
of the
Lottery Tuition Scholarship Study Subcommittee
to the
Legislative Council**

New Mexico Legislative Council Service
January 2006
File No. 205.215-06

January 16, 2006

Representative Ben Lujan, Co-chairman
Senator Ben D. Altamirano, Co-chairman

Dear Messrs. Chairmen:

Your lottery tuition scholarship subcommittee is pleased to present its report to the legislative council. The report includes the subcommittee's recommendations and summaries of proposed subcommittee-sponsored legislation.

If you or other members of the legislative council have questions concerning this report or the work of the subcommittee, please feel free to talk to me or other members of the subcommittee.

Sincerely,

MICHAEL S. SANCHEZ
Senator, District 29
Chairman, Lottery Tuition Scholarship Study Subcommittee

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Background of the Subcommittee

There were numerous bills introduced during the 2005 legislative session to change the lottery tuition scholarship program, some of which proposed to expand the purpose of the scholarship to allow payment for other expenses, some of which proposed to change the program from a merit program to a needs-based program and some of which proposed to open the program to more people and types of institutions. In the face of these competing proposals and declining revenue for the lottery tuition fund, the legislature determined that an interim study should be undertaken.

The lottery tuition scholarship study subcommittee, a subcommittee of the legislative council, was created in response to Senate Joint Memorial 74 of the forty-seventh legislature, first session. The subcommittee was composed of the following members:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Rep. James Roger Madalena

Rep. Terry T. Marquardt
Rep. Rick Miera
Sen. Leonard Lee Rawson
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Advisory members were:

Rep. William "Ed" Boykin
Rep. Donald E. Bratton
Sen. Kent L. Cravens
Sen. Joseph A. Fidel

Rep. Irvin Harrison
Rep. Ben Lujan
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff for the subcommittee was provided by Jonelle Maison and Lisa Barsumian.

Work Plan and Budget of the Subcommittee

The subcommittee proposed to study the constitution, statutes and case law pertaining to scholarships and consider the legislative proposals of the last session, including their costs and effects. It heard testimony from the higher education department, the New Mexico lottery authority, universities, student associations and presidents of the tribal colleges and private colleges located in New Mexico. Subcommittee staff and the higher education analyst of the legislative finance committee prepared several reports for the members.

Meetings of Subcommittee

At its first substantive meeting in July, the subcommittee heard background presentations on the history of the lottery tuition scholarship program, its structure and student participation; the lottery tuition fund revenue outlook; and program expenditures, balances and projections. The presenters were Ms. Katherine Cantrell, acting secretary of higher education, and Mr. Tom Shaheen, director of the New Mexico lottery authority.

The subcommittee's August meeting included responses to questions raised at the July meeting; a staff report on tuition charges and student demographics at tribal colleges; and definitions, budgeting requirements and trends of tuition and fees at state-supported post-secondary educational institutions.

The fourth meeting was held in September at the university of New Mexico, where the subcommittee heard testimony from the tribal colleges, including Diné college, Crownpoint institute of technology, institute of American Indian and Alaska native culture and arts and southwestern Indian polytechnic institute. Staff presented brief descriptions of the 17 lottery scholarship bills introduced during the 2005 session, along with their fiscal impacts.

At its fifth meeting, the subcommittee heard from the state's private colleges, including college of Santa Fe, St. John's college and college of the southwest, on their desire to participate in the lottery tuition scholarship program .

The last subcommittee meeting was held January 16, and the subcommittee considered and endorsed a bill to define tuition and fees for lottery tuition scholarship purposes. That bill will be introduced by Senator Sanchez and Representative Martinez.

The lottery tuition scholarship subcommittee spent \$6,170 for per diem and mileage expenses of subcommittee members.

Appendix

Copies of the subcommittee's work plan and meeting schedule, agendas and minutes are included in the appendix to this report.

APPENDIX

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A JOINT MEMORIAL
REQUESTING THE NEW MEXICO LEGISLATIVE COUNCIL TO NAME A
LOTTERY SCHOLARSHIP STUDY COMMITTEE.

WHEREAS, the lottery tuition scholarship program has been a major success in New Mexico, allowing over thirty-two thousand young residents of the state to achieve their dream of higher education and allowing more New Mexico high school graduates to stay in the state for higher education and then employment; and

WHEREAS, the program serves New Mexico's publicly funded colleges and universities by increasing enrollment and revenue attributed to tuition; and

WHEREAS, the program also reduces the burden of the state's taxpayers to fund overall public higher education by providing another revenue stream for public colleges and universities; and

WHEREAS, the program currently provides tuition assistance to recent high school graduates and veterans who enlisted in the armed services after graduation and are now returning to New Mexico; and

WHEREAS, the scholarship program is based on students' academic merit, requiring that students maintain a 2.5 grade point average with a course load of at least twelve credit hours; and

1 WHEREAS, at least twelve bills have been introduced this
2 year for the legislature to change the lottery tuition
3 scholarship program, some of which expand the purpose of the
4 scholarship from tuition to other expenses, some of which
5 propose changing the program from a merit program to a
6 needs-based program and some of which propose opening the
7 program to more people and types of institutions; and

8 WHEREAS, arguably, that many proposals on a single topic
9 may mean that there is not yet a consensus in the legislature
10 on how the program should be designed;

11 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
12 STATE OF NEW MEXICO that the New Mexico legislative council
13 be requested to appoint an interim legislative committee to
14 study the lottery tuition scholarship program and make
15 recommendations to the legislative council by December 15,
16 2005; and

17 BE IT FURTHER RESOLVED that copies of this memorial be
18 transmitted to the co-chairs of the New Mexico legislative
19 council.

**2005 APPROVED
WORK PLAN AND MEETING SCHEDULE
of the
LOTTERY TUITION SCHOLARSHIP STUDY SUBCOMMITTEE**

The lottery tuition scholarship study subcommittee, a subcommittee of the legislative council, was created in response to Senate Joint Memorial 74 of the forty-seventh legislature, first session. The subcommittee is composed of the following members:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Rep. James Roger Madalena

Rep. Terry T. Marquardt
Rep. Rick Miera
Sen. Leonard Lee Rawson
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Advisory members are:

Rep. William "Ed" Boykin
Rep. Donald E. Bratton
Sen. Kent L. Cravens
Sen. Joseph A. Fidel

Rep. Irvin Harrison
Rep. Ben Lujan
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff for the subcommittee will be provided by Jonelle Maison, Paula Tackett and Lisa Barsumian.

There were numerous bills introduced during the session to change the lottery tuition scholarship program, some of which proposed to expand the purpose of the scholarship to allow payment for other expenses, some of which proposed to change the program from a merit program to a needs-based program and some of which proposed to open the program to more people and types of institutions. The subcommittee will study the constitution, statutes and case law pertaining to scholarships and will consider the legislative proposals of the last session, including their costs and effects. The subcommittee will work with the New Mexico lottery authority and the higher education department to establish baseline data and forecasts on the tuition scholarship fund and develop impact analyses on the various proposals on the tuition scholarship fund, institutions, students and taxpayers. The subcommittee will seek input from boards of regents, college and university student associations, legislators, the higher education department, the lottery authority and other interested persons.

**APPROVED MEETING SCHEDULE
OF THE
LOTTERY TUITION SCHOLARSHIP STUDY SUBCOMMITTEE**

In addition to its organizational meeting, the subcommittee proposes to hold five one-day meetings during the interim, but would like legislative council permission for one additional day in the fall in case it is needed.

Meeting dates are:

Dates

June 23

July 28

August 26¹

September 27¹

October 24

November 22

Additional day

¹August and September are shown as Albuquerque and Las Cruces; however, the subcommittee has not determined out-of-Santa Fe dates or places.

TENTATIVE AGENDA
Lottery Tuition Scholarship Study Subcommittee
Room 322, State Capitol
June 23, 2005

Thursday, June 23

- 10:00 a.m. Call to Order
 Roll Call
 Chairman's Welcome
- 10:15 a.m. Development of Interim Work Plan and Schedule
- 11:00 a.m. Other Business
 Adjournment

**Tentative Agenda
of the
Second Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
Room 307, State Capitol
July 28, 2005**

Thursday, July 28

- 10:00 a.m. Call to Order
Roll Call
Approval of Minutes of First Meeting
- 10:15 a.m. Lottery Tuition Scholarship Program
- ▲ Historical Overview
 - ▲ Current Rules Governing Program
 - ▲ Program Participants by Institution and Overall
 - ▲ Retention and Graduation Rates
- Katherine B. Cantrell, Acting Secretary of Higher Education
- 11:30 a.m. LUNCH
- 12:30 p.m. Revenues – Situation and Outlook
- ▲ Historical Overview
 - ▲ Comparison of New Mexico's and Other States' Experience
 - ▲ Short- and Long-Term Revenue Trends
- Tom Shaheen, Director, New Mexico Lottery Authority
- 1:30 p.m. Expenditures – Situation and Outlook
- ▲ Fund Balances and Reserves
 - ▲ Current Costs by Institution and Overall
 - ▲ Short- and Long-Term Expenditure Trends, by Institution and Overall
- Katherine B. Cantrell, Acting Secretary of Higher Education
- 2:30 p.m. Staff Reports on Subcommittee Requests for Information
- ▲ Tuition and Other Costs Study – Progress Report
- Lisa Barsumian, LCS
- Other Committee Business
Adjournment

TENTATIVE AGENDA
of the
Third Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
Room 307, State Capitol
August 26, 2005

- 10:00 a.m. Call to Order
Roll Call
Approval of Minutes
- 10:05 a.m. Responses to Subcommittee Requests
 - ▶ Kathy Cantrell, HED
 - ▶ Dave Lepre, council of university presidents
 - ▶ Tom Shaheen, NMLA
- 11:00 a.m. Staff Report, Native American Institutions' Tuition
 - ▶ Lisa Barsumian, LCS
- 11:30 a.m. Lunch
- 1:00 p.m. Introduction of Secretary of Higher Education, Dr. Beverlee McClure
- 1:30 p.m. Tuition: Who Defines; What Is Included; Need for Uniformity for Purposes of Lottery Tuition Scholarship Program; Tuition and Other Revenue; Problems and Issues
 - ▶ Kathy Cantrell
 - ▶ Dave Lepre
 - ▶ Frank Renz, council of independent community colleges
- 2:30 p.m. Lottery Tuition Scholarship Program: Articulation of Public Policy and the Evaluation Process for Proposed Changes
 - ▶ Jonelle Maison, LCS, and Arley Williams, LFC
- Public Comment
Other Business
Adjournment

TENTATIVE AGENDA
for the
Lottery Tuition Scholarship Study Subcommittee
Fourth Meeting
September 27, 2005
University of New Mexico

- 10:00 a.m. Call to Order
 Roll Call
 Approval of Minutes
- 10:15 a.m. Lottery Tuition Scholarship Bills in 2005 Session – Jonelle Maison, staff
- 10:45 a.m. Lottery Tuition Scholarships for Tribal Colleges in New Mexico –
- ★ Diné College, Ferlin Clark, president
 - ★ Crownpoint Institute of Technology, James Tutt, president
 - ★ Institute of American Indian Art, Della Warrior, president
 - ★ Southwestern Indian Polytechnic Institute, James Lujan, president
- Other Business
 Adjournment

TENTATIVE AGENDA
of the
Lottery Tuition Scholarship Study Subcommittee
Fifth Meeting
October 24, 2005
Room 322, State Capitol

- 10:00 a.m. Call to Order
 Roll Call
 Approval of Minutes
- 10:05 a.m. Lottery Tuition Scholarships at Private Colleges
 ★ College of Santa Fe, Dr. Mark Lombardi, president
 ★ St. John's College, Dr. Michael Peters, president
 ★ College of the Southwest, Dr. Gary Dill, president
- 11:00 a.m. Student Experience with Lottery Tuition Scholarships
 ★ New Mexico State University, Joseph Gurule
 ★ University of New Mexico, Britney Yaeger
 ★ New Mexico Institute of Mining and Technology
 ★ New Mexico Highlands University
 ★ Eastern New Mexico University
 ★ Western New Mexico University
- Other Business
 Adjournment

**Minutes
of the
First Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
June 23, 2005 ★ Room 322, State Capitol**

The first meeting of the lottery tuition scholarship study subcommittee was called to order by Senator Michael S. Sanchez, chairman, at 10:20 a.m. on June 23, 2005 in Room 322, State Capitol. Speaker Ben Lujan, co-chairman of the legislative council, appointed Senator Joseph A. Fidel and himself as voting members of the subcommittee for the duration of the first meeting.

Present were:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Joseph A. Fidel
Sen. Timothy Z. Jennings
Rep. Ben Lujan
Rep. James Roger Madalena

Absent were:

Sen. Stuart Ingle
Rep. Terry T. Marquardt
Rep. Rick Miera
Sen. Leonard Lee Rawson
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Advisory members:

Rep. William "Ed" Boykin

Rep. Donald E. Bratton
Sen. Kent L. Cravens
Rep. Irvin Harrison
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff: Jonelle Maison, Paula Tackett, Lisa Barsumian, Annie Rodriguez

Guests: The guest list is in the meeting file.

The chairman welcomed committee members and guests to the meeting.

Proposed Work Plan and Budget – Committee

Senator Sanchez explained that the committee's primary focus will be to consider lottery tuition scholarship bills introduced during the last legislative session and to determine costs and impacts of those proposals. Senator Jennings remarked on the cost differentials between students attending community colleges and universities. Representative Martinez suggested the committee consider meeting at various colleges and universities during the interim; Speaker Lujan suggested perhaps meeting at the university of New Mexico, New Mexico state university and the institute of American Indian art. Senator Fidel initiated a discussion on this year's decline in lottery tuition fund revenue and suggested the committee hear testimony on the fund at one of its early meetings. Representative Boykin expressed concern about attempts to nibble away at the program, saying that the lottery tuition scholarship program is the best thing to happen for New Mexico youth.

On motion of Speaker Lujan, seconded by Senator Fidel, the committee approved the proposed work plan with the proposed budget to be increased to cover the cost of one or two meetings outside Santa Fe.

Staff was directed to compile information on the cost of attending New Mexico state-supported and private schools from 10 years prior to the lottery tuition scholarship program, including tuition, fees and room and board, to next school year.

The chairman thanked the audience members for attending and said the committee will welcome their input in the committee's deliberations during the interim.

The next meeting of the committee will be July 26, 2005.

There being no further business, the committee adjourned at 10:40 a.m.

**Minutes
of the
Second Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
July 28, 2005 ☆ Room 307, State Capitol**

The second meeting of the lottery tuition scholarship study subcommittee was called to order by Senator Michael S. Sanchez, chairman, at 10:25 a.m. on July 28, 2005 in Room 307, State Capitol.

Present were:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Timothy Z. Jennings
Rep. James Roger Madalena
Rep. Rick Miera
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Absent were:

Sen. Stuart Ingle
Rep. Terry T. Marquardt
Sen. Leonard Lee Rawson

Advisory members:

Rep. William "Ed" Boykin
Rep. Donald E. Bratton
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Rep. Ben Lujan

Rep. Irvin Harrison
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff: Paula Tackett, Lisa Barsumian

Guests: The guest list is in the meeting file.

Copies of written testimony and handouts are in the meeting file.

The chairman welcomed subcommittee members and guests to the meeting. The minutes of the

first meeting were approved as submitted.

Lottery Tuition Scholarship Program History, Structure and Participation — Katherine Cantrell, Higher Education Department

Ms. Cantrell, acting secretary of higher education, presented written testimony on these topics. Following her presentation and in response to questions, Ms. Cantrell explained that a student does not have a second chance to qualify for a lottery tuition scholarship if the student fails to qualify during the student's first semester of college; program rules give each institution discretion regarding reinstatement of a student who fails to remain qualified after the second semester. Senator Jennings cited a case in which a student lost her chance for a scholarship because she dropped a course during her first semester, thereby not meeting the courseload requirement. Ms. Cantrell agreed that the department needs to work with advisors so that students are informed about the requirements, but added that students are getting strategic about qualifying for scholarships. Senator Jennings pointed out that if a student only takes 12 credit hours each semester and the scholarship only pays for eight semesters, that the scholarship will run out before that student completes his degree. Senator Cravens inquired whether probation consists of one semester, to which Ms. Cantrell responded that the student remains on probation until the student re-qualifies. Representative Bratton asked if students are given credit for work-study and internships, to which Ms. Cantrell responded that they do. Chairman Sanchez asked about the situation regarding bridge scholarships, citing that UNM previously gave them "carte blanche" but now requires applications, as does NMSU. Carlos Rey Romero, representing UNM, responded that UNM does not require applications.

★ Chairman Sanchez requested Mr. Romero to find out if UNM branches are aware that bridge scholarships do not require applications.

A student government representative of NMSU stated that that university does not require applications but acknowledged that there have been some problems with these scholarships. Chairman Sanchez asked about rulemaking authority given to the department by the legislature in terms of reinstatement. Ms. Cantrell explained that in 2003, program rules were changed to allow reinstatement. Maria Martinez, director of financial aid for the department, clarified that the rules give schools discretion for all semesters, including the first semester. If a student appeals a school decision to the department, documentation of a valid reason is needed for failing to qualify. Medical reports following a car accident would be considered valid, but guilt over failure to make the required GPA due to excessive partying would not be considered valid. Dave Lepre, director of the council of university presidents, stated that all six public universities provide bridge scholarships.

★ Chairman Sanchez asked that Mr. Lepre provide information on how high schools are informed about these scholarships.

★ Chairman Sanchez also requested information about how many students remain in school if they fail to qualify for lottery tuition scholarships during the first semester and how many students continue in school after they lose their tuition scholarships. He also asked if the department notifies school districts if students require remedial education once they enter college.

Ms. Cantrell explained the high school initiative, which began as a result of the fall 2004 New Mexico First town hall meeting. This initiative collects post-secondary college retention data by high schools. It is a collaborative project between the public education department and the state colleges to improve the rigor of the high school curriculum. Chairman Sanchez mentioned that some high school students are taking college courses while still in high school and expressed his interest in allowing lottery tuition scholarships to apply in this situation. Representative Miera said the legislature had passed a law to improve coordination between high schools and universities by aligning high school curricula and end-of-course tests with the state post-secondary schools' placement tests. He added that some students drop out of school, get a GED and then start college early. Chairman Sanchez agreed that juniors and seniors in high school are taking college courses and expressed amazement that some counselors fail to inform students of the lottery tuition scholarships, so some students are unaware of it. Ms. Cantrell acknowledged that "getting the word out" is a top department priority and, due to the small size of her staff, the department is collaborating with other entities such as the education trust board, New Mexico lottery authority and office on African-American affairs to access their networks to publicize the scholarship. Senator Smith expressed interest in seeing data that addresses cost efficiencies versus success rates.

With regard to participation and enrollment, Ms. Cantrell said she would like to improve the percentage of Native Americans who receive scholarships. The percentage of male and female recipients tracks overall college enrollment, as do the ethnic percentages. Chairman Sanchez asked about the department's efforts to notify Native Americans about the scholarships. Ms. Cantrell explained that with the creation of the higher education department, the memorandum of understanding with the state's tribal entities needs to be updated, that dissemination of scholarship information to the pueblos has been poor and Navajo chapter houses have been used as points of dissemination. Chairman Sanchez suggested that the department check with legislators who represent Native American constituents and ask for their advice. Representative Madalena discussed Native American schools, their tuition rates and enrollment. Representative Martinez asked which schools serve the most Native American students. Senator Jennings noted that Navajos attend NMHU tuition-free.

★ A request was made for information on the graduation rates of lottery tuition scholarship students, tuition rates in surrounding states and the graduation rates for schools before and after the discontinuation of open enrollment.

Lottery Tuition Fund Revenue and Outlook—Tom Shaheen, New Mexico Lottery Authority

Mr. Shaheen provided an overview of the New Mexico lottery and lottery tuition fund

revenues. Chairman Sanchez asked how much money the authority carries over, to which Mr. Shaheen answered that the authority is only allowed to carry over \$50,000 from one year to the next. Representative Madalena inquired about the cross-promotion with the Santa Ana casino, which was canceled at the behest of Governor Richardson. Mr. Shaheen explained that the lottery game in question would have been the first scratch-off game collaboration with a casino and there had been plans to expand to other casinos. The authority anticipated the game would have generated approximately \$500,000. In response to a question about why the game was canceled, Mr. Shaheen explained that the governor felt it was an expansion of Class 3 gaming. Representative Madalena commented that the partnership would have been beneficial. Senator Smith questioned whether the game would actually have been an expansion of Class 3 gaming since the intent of the legislature had been to give the authority flexibility when it was created.

Mr. Shaheen went on to compare New Mexico's lottery to other state lotteries. Georgia's program is the most similar; however, because of program expansions, the state now has more students than available funds. In its second year, the Florida lottery decided to use only lottery funds for education and has encountered problems. The challenge facing the New Mexico lottery is sustaining revenue, which means either encouraging existing lottery players to spend more money or finding new players. New Mexico lottery players prefer either scratch-off games or Power Ball. A discussion ensued about Power Ball.

★ Mr. Shaheen was asked to provide information on the effect of the Hobbs racino on lottery ticket sales in that part of the state.

Chairman Sanchez asked if non-Indian casinos have been asked to contribute money to lottery scholarships. Senator Smith noted that these casinos pay a 26 percent tax to the state, which generates about \$38 million annually, and the establishment of the Hobbs racino is expected to raise that amount to \$61 million.

Lottery Tuition Scholarship Program Expenditures, Balances and Projections — Higher Education Department

Ms. Cantrell made the second half of her presentation, which was accompanied by a handout. She pointed out that the lottery tuition scholarship fund balance is projected to increase until 2007-2008, and by 2011, the fund is expected to end up short of meeting the ability to pay 100 percent tuition costs for eligible students. She explained that the projections are based on certain assumptions and any changes in the program and the current assumptions would affect the projections. Ms. Cantrell demonstrated the model the department uses in its forecasting. She noted that sales of lottery tickets are leveling off, but New Mexico has been luckier than some other states in sustaining lottery revenue over a period of time.

There being no further business, Chairman Sanchez adjourned the subcommittee meeting at 2:15 p.m.

The next meeting of the subcommittee is August 26 in Room 307, State Capitol.

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**Minutes
of the
Third Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
August 26, 2005**

The third meeting of the lottery tuition scholarship study subcommittee was called to order on August 26, 2005 at 10:10 a.m. by Senator Michael S. Sanchez, chairman, in Room 307, State Capitol.

Present were:

Sen. Michael S. Sanchez, chairman
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Rep. James Roger Madalena
Rep. Rick Miera
Rep. Jeannette O. Wallace

Absent were:

Rep. W. Ken Martinez, vice chairman
Rep. Terry T. Marquardt
Sen. Leonard Lee Rawson
Sen. John Arthur Smith

Advisory members:

Rep. William "Ed" Boykin
Rep. Donald E. Bratton
Sen. Joseph A. Fidel
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Sen. Kent L. Cravens
Rep. Irvin Harrison
Rep. Ben Lujan

Staff:

Jonelle Maison, Lisa Barsumian, Annie Rodriguez

Guests: The guest list is in the meeting file.

Minutes of the second meeting of the subcommittee were approved as submitted.

Copies of written testimony and handouts are in the meeting file.

Responses to Subcommittee Requests – Kathy Cantrell, higher education department; Dave Lepre, council of university presidents; and Tom Shaheen, New Mexico lottery authority

The three presenters provided written responses to questions raised at the last subcommittee meeting.

Bridge Scholarships: bridge scholarships, which pay for the qualifying semester, are offered at all public post-secondary educational institutions, though not all potential lottery tuition scholarship recipients are eligible at all institutions. Most institutions provide scholarships to qualifying students for 100 percent of tuition; a few include the cost of fees. Two universities, NMSU and UNM, provide flat amounts of \$1,000; UNM Gallup and UNM Los Alamos report that amounts depend on available funds and the 2005 scholarship amounts have not been determined yet. Most institutions use their "three percent" money in the instruction and general purposes (I&G) line item, which is the amount allowed under Section 21-1-2 NMSA 1978 for gratis scholarships. Gratis scholarships are limited to three percent of the preceding fall enrollment. In addition, institutions use institutional funds and private donations to provide the scholarships. Each institution has its own eligibility requirements for bridge scholarships.

Student Data: data indicate that the lottery has made a difference in enrollment trends for first-time full-time freshmen, with a 44 percent increase in enrollment. The research institutions and community colleges show most of the enrollment increase, with the regional universities remaining flat or losing enrollment. Between 1996 and 2003, the research institutions, UNM, NMIMT and NMSU, showed a 68.3 percent increase in enrollment. During the same period, ENMU was the only regional university to gain enrollment, with NMHU showing a 33.8 percent drop in enrollment and WNMU showing a 7.7 percent drop. Branch colleges also did well, with an overall growth of 44.9 percent. Community colleges showed an overall growth of 31.5 percent.

One-year persistence rates have hovered in the low 70 percent range since 1994, and graduation rates have not improved since the lottery tuition program was enacted; however, the data only covers 1994 through 1998. The aggregate graduation rate at the research institutions, which have competitive enrollment, is 41 percent, while the aggregate rate at the regional universities, which have open enrollment, is 27 percent.

Approximately one-half of students attempting to qualify for lottery tuition scholarships receive awards. About 73 percent of those who do not receive scholarships enroll the following term, and about 57 percent of those are still enrolled one year later. However, only 28 percent of students who had less than eight semesters of lottery tuition awards completed a degree program at a New Mexico public post-secondary educational institution. Of all resident undergraduate freshmen, approximately 13 percent are supported by lottery scholarships. Part of this statistic reflects the high number of nontraditional students in New Mexico's higher education system, particularly in community colleges. As expected, UNM and NMSU have the highest percentage of lottery students as a percentage of total institutional enrollment.

Community colleges and branch colleges are the primary entry point for Native American students, accounting for nearly 75 percent of Native American enrollments, but enrollments are still low for this group. The 2000 census shows approximately 10.5 percent of the state population is Native American, but they account for only 7.1 percent of the total student body in the public post-secondary educational institutions and they represent only about six percent of graduates in the state. UNM, UNM Gallup, TVI and San Juan college have the greatest number of Native American students.

Surrounding States' Tuition

Dr. Lepre provided tuition charges at comparable public institutions in the surrounding WICHE states, which shows New Mexico is third, behind Arizona and Colorado and ahead of Wyoming, Utah and Nevada.

Hobbs Racino

Mr. Shaheen presented data on the effect of the Hobbs racino on lottery games in Lea, Eddy and Chaves counties, excluding Roswell, versus statewide. All games in that area showed a higher than statewide drop in participation, with Instant and Pick 3 having the greatest decrease. Total sales in the area decreased by 7.1 percent, while the statewide decrease was only 3.2 percent.

Representative Miera expressed his concern that students are not aware of lottery scholarships and urged the department to work with the institutions to promote them.

★ On questions from Senator Jennings, Ms. Cantrell promised to provide information that the department received too late to include in the presentation.

Representative Bratton initiated a discussion of the enrollment data that shows the research universities with a greater percentage of enrollments. Ms. Cantrell said that when money is not an issue, students choose to attend the research institutions instead of the regional universities. She speculated that the data may show that students are seeking the type of educational experience the larger universities offer. Dr. Lepre said that with welfare reform, the state expected to see a major increase in community college participation, and there has been a 31.5 percent increase in community college enrollments. The state had also expected a shift attributable to lottery tuition scholarships from community colleges to research institutions, but that has not happened as much as the shift from the regional universities to the research institutions. He pointed to ENMU as an exception to the shift and observed that its enrollment may show the effects of the Texas waiver.

On questions from Representative Madalena, Ms. Cantrell said that Zuni is an off-campus instruction center, not a branch, but that first-time, full-time freshmen at Zuni would be reflected in the data. Senator Rainaldi said that Zuni is a part of UNM Gallup.

On questions from Senator Sanchez and Representative Zanetti, Ms. Cantrell acknowledged that the department does not have enough data to answer some of the committee's questions. Senator Sanchez suggested that the department collect GPA data. In response to Representative Zanetti, Dr. Lepre agreed that the graduation data are alarming, but noted that part of the problem is the data collection, rather than true reflections of graduation rates. For example, students who transfer from one school to another are not reflected in the reports; a UNM freshman who transfers is shown as not graduating in UNM's data.

Pointing to the 30 to 35 percent graduation rates, Senator Sanchez asked what CHE, now HED, has done to increase the rates. Ms. Cantrell said that up until recently, the focus had been on financial aid. Now the agency is working to address the lack of student preparedness. CHE and PED have undertaken the high school initiative and hope that will help high school graduates be ready to do college-level coursework.

★ Representative Zanetti requested four-year data on graduation rates. She concurred with Senator Sanchez that GPA information should be collected. She opined that another reason for the low graduation rates might be that students are not receiving good counseling and are not focusing on what is needed to stay in school and graduate. Dr. Lepre said that the universities and the council of university presidents are making recruitment and retention their highest priority. Universities are starting to look at the adequacy of student services such as counseling. He pointed out that at UNM, 95 percent of students complete their degree within six years.

Senator Sanchez asked if the state was having an effect with lottery tuition scholarships. Ms. Cantrell answered in the affirmative. Senator Jennings asked if data is captured on economic levels of students. Ms. Cantrell said no, but that the department is in the process of rulemaking that would require that such information be collected. Representative Miera suggested that a uniform student number system would make data collection simpler.

On questions from Senator Rainaldi, Ms. Cantrell said that if a student does not qualify the first semester, he will not again be eligible for a lottery tuition scholarship; however, if the student qualifies and slips, he may get the scholarship back upon requalification. Senator Sanchez said that the qualification requirement was put into the law to make students responsible for their education. Dr. Lepre said that there has been significant improvement in qualifying rates. In 1997-98, only half the freshmen at UNM qualified for lottery tuition scholarships; now, 70 percent qualify. Senator Sanchez noted that schools and parents are probably doing a better job of telling students that they have to qualify and maintain their grades to receive the scholarship. He added that high school counselors should tell all students about lottery tuition scholarships, not just those students they assume would go on to college.

★ Senator Sanchez requested information on the number of freshmen on other scholarships. He

also requested information on the cost of providing complete scholarships, including tuition, fees, books and other costs.

Staff Report – Native American Institutions' Tuition – Lisa Barsumian, LCS

Ms. Barsumian presented written information on each of the Native American post-secondary schools in New Mexico. Diné college, with branch campuses in Shiprock and Crownpoint, is a tribally chartered community college that offers certificates, AA degrees, BA in elementary education and a MEd in curriculum and instruction in partnership with Arizona state university. The college receives federal funding through the Navajo Community College Act, the Tribally Controlled College or University Assistance Act and Title 3 of the Higher Education Act of 1965. Enrollment is virtually 100 percent Native American students, though the school is open to other populations; non-Native Americans are also eligible for school scholarships. Tuition is \$360 per semester, or \$30.00 per credit hour and there are other student fees charged.

Crownpoint institute of technology is a tribally chartered technical college that offers certificates and AA degrees. The college receives federal funding, including Carl D. Perkins funding. Enrollment is virtually 100 percent Native American students and there are no school scholarships for non-Native Americans. 2004 tuition was \$480, including fees.

The institute of American Indian arts (IAIA) was originally a BIA school, but was chartered by congress in 1988 as a fine arts college that is geared to, but not exclusively for, Native Americans and Alaska natives. The institute offers AA and BA degrees. It receives direct appropriations from congress. Tuition is \$2,400 for the 2005-2006 academic year, plus other student and studio fees.

Southwestern Indian polytechnic institute (SIPI) is a federally chartered community college governed by and funded through the BIA. It offers certificates and AA degrees. Enrollment is limited to American Indian and Alaska natives. The school does not charge tuition, but there are several student fees charged to students.

Senator Sanchez asked if federal funding applies to tuition. Ms. Barsumian said that the federal funding she discussed went to the institutions as part of their operational budgets, though they do receive separate funding for capital improvements. Some schools, e.g., Diné college, offer scholarships through the Navajo Nation, and there are other scholarships and federal funds for students. Approximately 70 percent of students at Diné college receive financial aid in the form of Pell and other grants. Maria Martinez, HED, said that she has asked someone at BIA to provide information on the federal funding process for Indian schools. Asked if gaming tribes offer money to the schools, Ms. Barsumian said that those tribes offer scholarships to their tribal members but she is not aware of donations to the schools.

★ Senator Sanchez requested information on how much money gaming tribes provided for scholarships, how many tribal members have received scholarships and where they attended school.

★ Representative Wallace asked for more information on student statistics at the four schools, including total student bodies, number of Native American and non-Native American students and the number of students that are New Mexico residents. Senator Sanchez asked for more information on how many students at those schools are receiving financial aid.

Tuition and Fees: Definitions, Budgeting Requirements and Trends – Kathy Cantrell, HED; Dave Lepre, CUP; and Frank Renz, council of independent community colleges

Ms. Cantrell provided written testimony on tuition and fees at public post-secondary educational institutions. As defined by the national center for education statistics of the U.S. department of education, "tuition" is the amount of money charged to students for instructional services. Tuition may be charged per term, per course or per credit. "Fees" are fixed sums charged to students for items not covered by tuition and required of such a large proportion of all students that the student who does not pay the charge is the exception. Student fees are also used to pay debt service on capital improvement bonds issued by a school. Ms. Cantrell offered data showing annual tuition and fees at state universities, branch colleges and community colleges from 1999-2000 through 2005-2006.

On questions from Representative Zanetti, Ms. Cantrell said that two universities, New Mexico institute of mining and technology and New Mexico highlands, show striking shifts between tuition and fees. NMIMT increased its tuition by 36.8 percent and decreased its fees by 46.8 percent; NMHU increased tuition by 30.9 percent and decreased fees by 77.8 percent. Mr. Shaheen noted that this shift of fees to tuition affects the lottery tuition scholarship program.

Representative Bratton pointed out that fees are rising at a rate greater than the cost of living. Senator Jennings noted that the fees under discussion do not include specific course fees.

Mr. Renz said that according to the national report card on higher education, New Mexico has slipped in its affordability grade. Senator Sanchez replied that the national center for public policy and higher education, which ranks the states, considers only needs-based assistance, not the lottery tuition scholarship program. He acknowledged that tuition and fees are going up, but he stressed that the lottery tuition program has made the probability of higher education a reality for many New Mexico high school students. He said that high schools should be required to tell all students about the

program and the legislature and the state need to advertise the program far more effectively. His concern, he explained, is that institutions are using lottery funds to shift costs. If they are doing that, he said, the legislature will need to better define tuition and fees so that the institutions cannot play games with lottery tuition funds. Senator Jennings opined that perhaps students should be given a cash amount to be used wherever they want to go. Senator Sanchez said that moves such as cost shifting affect the available revenue for scholarships and make the subcommittee's job of considering proposals to add students or schools to the program more difficult.

The next meeting of the subcommittee will be held at UNM on September 27, 2005.

There being no further business, the subcommittee adjourned at 12:40 p.m.

**Minutes
of the
Fourth Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
University of New Mexico
September 27, 2005**

The fourth meeting of the lottery tuition scholarship study subcommittee was called to order by Senator Michael S. Sanchez, chairman, on September 27, 2005 at 10:30 a.m. in the continuing education building at the university of New Mexico.

Present were:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Stuart Ingle
Rep. James Roger Madalena
Rep. Rick Miera
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Absent were:

Sen. Timothy Z. Jennings
Rep. Terry T. Marquardt
Sen. Leonard Lee Rawson

Advisory members:

Rep. William "Ed" Boykin
Sen. Kent L. Cravens

Rep. Donald E. Bratton
Sen. Joseph A. Fidel
Rep. Irvin Harrison
Rep. Ben Lujan
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff:

Jonelle Maison and Lisa Barsumian

Guests: the guest list is in the meeting file.

The minutes of the third meeting were approved as submitted.

A copy of written handouts is in the meeting file.

Lottery Tuition Scholarship Bills in 2005 – Jonelle Maison, staff

Ms. Maison presented a brief description of the 17 scholarship bills introduced in the 2005 session, along with their fiscal impacts.

Lottery Tuition Scholarships for Tribal Colleges in New Mexico – Ferlin Clark, President of Diné College; James Tutt, President of Crownpoint Institute of Technology (CIT); Della Warrior, President of Institute of American Indian and Alaska Native Culture and Arts Development (IAIA); and James Lujan, Acting President of Southwestern Indian Polytechnic Institute (SIPI)

Mr. Clark presented the written collective statement of the four New Mexico tribal colleges regarding participation in the lottery tuition scholarship program. Tribal colleges' participation in the program would provide greater access to higher education to American Indians. Tribal colleges are public institutions and have open enrollment policies; they are accredited by the same accrediting agency as other New Mexico colleges and universities and meet the same rigorous academic standards for higher education. Tribal colleges serve both American Indian and non-Indian students. A culturally relevant curriculum coupled with a nurturing student-centered environment help address the unique needs of their students, which in turn contributes to student success and retention rates that exceed those of other colleges and universities. Many tribal college students transfer to New Mexico mainstream colleges to further advance their studies. National research shows that tribal college transfer students are at least four times more likely to succeed than American Indian students entering mainstream schools directly from high school. College education is not free to American Indians. Only SIPI, which is a federally owned and operated institution, does not charge tuition. At least 86 percent of tribal college students qualify for needs-based financial aid and do not have access to gaming revenues. Tribal resources are limited and financial aid currently does not fully address the costs of attending college. Many American Indians do not attend college because they cannot afford it, and many are forced to drop out because of unpaid debt. For example, in the recent fall semester at IAIA, over 40 new students were accepted but could not attend for financial reasons; additionally, 16 percent of IAIA's last-year students dropped out because of unpaid debt. The lottery scholarship program is designed to serve New Mexico residents striving to attain a college degree, and equal participation in the program should be granted to tribal college students who meet the requirements, regardless of ethnicity; to do anything short of providing this access would be discriminatory in nature and would deny equal opportunity to a small group of New Mexico residents who choose to attend a tribal college and who are among the most disadvantaged.

The written statement included profiles of each tribal college:

CIT is a federal land-grant college chartered by the Navajo Nation to serve as a post-secondary vocational institute. The school provides vocational training and certification programs to 320 students annually, only 65 of whom meet the qualifications for the lottery tuition scholarship program. CIT's base funding comes from an annual federal appropriation and a tribal allocation. As a public institution, it also serves non-Native students.

Diné college is chartered by the Navajo Nation and is also a federal land-grant college. Its student body is comprised primarily of Navajo tribal members, but the school also serves students from other tribes and non-Indians living on or near the reservation. Diné has two New Mexico campuses, Shiprock and Crownpoint, which together enroll 395 students annually; 173 of those would qualify for the lottery scholarship. The college's base funding comes from federal appropriations and a tribal allocation.

IAIA is chartered by congress and serves all federally recognized tribes in the United States. It also has land-grant status. It is a fine arts college dedicated to the advancement of American Indian arts and cultural development. The IAIA museum is an important holding of the institute and offers public programming and exhibits to advance cultural understanding. This year's fall enrollment was 209, of which over 50 percent, or 120, are New Mexico residents who would be eligible for lottery scholarships. Non-Indians represent 12 percent of IAIA's student population.

SIPI is a federally owned and operated community college, but it is not a public institution; all of its students are American Indian. SIPI does not charge tuition. While it is not seeking eligibility in the lottery scholarship program, it does request that SIPI students be eligible upon transfer to a New Mexico mainstream college or university.

Tribal colleges enroll 358 students who are New Mexico residents, full-time students and potentially eligible for the program. The colleges project a fiscal impact of \$460,000. The tribal leadership of all New Mexico tribes and pueblos have supported the inclusion of tribal colleges in the program. Mr. Clark concluded by urging the subcommittee's support of an amendment that would grant tribal college students equal opportunity.

Mr. Tutt provided written information on CIT's fall 2005 information and statistics. CIT began as a vocational skills center and developed into a post-secondary educational institution. Tuition is bifurcated between enrolled members and non-enrolled members, with enrolled members paying half as much as non-enrolled members. For fewer than 12 credit hours, the cost is \$30.00 and \$60.00 per credit hour, respectively; for full-time, the cost is \$360 and \$720, respectively. An activity fee of \$25.00 and a technology fee of \$35.00 are charged each semester. The school offers meal plans and housing. Overall enrollment consists of 320 Navajos, five from other tribes and two non-Indians. Of that number, 19 are New Mexico high school graduates entering as new first-year freshmen. Mr. Tutt said that the institute could take more students, but there are over 400 applicants on scholarship

waiting lists. Examples of financial aid include Title 4, Pell grants, federal supplementary opportunity grants (SEOG), American Indian college fund, Navajo tribal and chapter scholarships and federal work-study. Students are recruited through career fairs, college day presentations, chapter house visits, high school visits, community events and advertising. CIT does not receive any money from gaming tribes, but it does receive money through Carl Perkins funding, BIA, Navajo Nation general funds and some state funds through adult basic education and GED preparation. He provided a chart that showed the estimated costs of commuters and residential students.

Ms. Warrior provided similar written information on IAIA students and costs. Full-time tuition is \$1,200 per semester or \$2,400 per year. Other fees include an activity fee of \$20.00 per semester; library deposit of \$50.00; dormitory deposit of \$100; refundable key deposit of \$20.00; studio fee of \$20.00 per course; a refundable jewelry kit of \$125; and a nonrefundable photography equipment lease fee of \$75.00. The annual estimated cost of attending IAIA, including tuition, fees, books and supplies and on-campus room and board, is over \$9,000. Students are eligible for Pell grants, SEOG, federal and state college work-study, New Mexico student incentive grants, IAIA scholarships, tribal scholarships, American Indian college fund scholarships and other private scholarships. Ninety-one percent of IAIA degree-seeking students need financial aid. Enrollment is 183 Native Americans and 25 non-Natives; 119 are New Mexico residents, including 98 Natives and 21 non-Natives. The faculty includes 20 Natives and 17 non-Natives. The school recruits primarily from surrounding states and secondarily in states with Native American populations. IAIA received \$400,000 for construction purposes from non-New Mexico gaming tribes. New Mexico pueblos and tribes may provide tribal scholarships to their selected students, but IAIA does not receive operational funding from any gaming. Pueblo of Pojoaque confirmed that its higher education scholarships are derived from gaming revenue; Isleta confirmed that it does not use gaming revenue to support its higher education scholarships. Zuni and Navajo, both non-gaming tribes, provide the highest number of scholarships for their students attending IAIA. General operating revenue is derived as follows: 54 percent from federal appropriation; 16 percent from government grants and contracts; 14 percent from private grants and contracts; and 12 percent from auxiliary and enterprises. For 2004-2005, students with zero expected family contribution, IAIA's definition of the poorest students, were unable to find financial aid for 32 percent of their costs. Unmet need for New Mexico residents, who make up 47 percent of the poorest students, is 61 percent.

Mr. Lujan provided written information on SIPI, which is a federally operated school that is not a public institution. Only students who are enrolled members of federally recognized tribes are eligible to attend. Although SIPI does not charge tuition, there are other costs, including books, lodging, library and tutoring. The cost of attendance per trimester is \$280 for a full-time lodge student, \$225 for a full-time commuter student and \$150 for a part-time commuter student. Costs are met by students, either out of pocket or through financial aid. For fall 2005, 436 students were from New Mexico tribes, including the Navajo Nation, out of a total student body of 643.

Mr. Clark provided written information on the Shiprock and Crownpoint campuses of Diné college. Shiprock has 299 students, including three non-Natives; Crownpoint has 96. Tuition is

\$30.00 per credit hour or \$360 for full-time. Diné students are eligible for the same grants and loans as other schools, and a majority of Diné students receive financial aid. Students are recruited through career fairs, college days, chapter house visits, high school visits, community events and media and other advertising. Diné does not receive tribal gaming money. In addition to tuition, operational funding comes from federal education appropriations, BIA funding and \$4.2 million from the Navajo Nation.

Representative Martinez pointed out that Native American students have the lowest participation of any group in the lottery tuition scholarship program, at four percent. He said that, in his opinion, tribal college participation in the program is one of the most important issues because tribal colleges provide a community college education that is affordable and close to home for students who do not have transportation to other schools. Tribal colleges offer a way for students to complete required lower-division courses in smaller classes and in a more supportive environment. He had hoped to have a subcommittee meeting at CIT so that the members could see a tribal college. He reviewed the history of House Bill 119, which was amended on the house floor to include tribal colleges, among other changes, and which died in the senate education committee. Representative Martinez said he wholeheartedly supports such legislation.

Referring to the loss of federal funding suffered by IAIA and SIPI over the last few years, Representative Madalena said that the legislature should consider passage of a joint memorial to the congressional delegation in support of federal funding of tribal colleges. Asked how SIPI is doing financially, Mr. Lujan said that financial security is a big question because the institute was hit hard by federal reductions. The FY06 appropriation was reduced by two percent across the board; on top of that, there were other cuts. Ms. Warrior told the committee that a 1998 joint memorial to congress in support of IAIA had been an important factor in its funding. Mr. Tutt said that CIT does not receive federal funding from the same sources as SIPI and IAIA and is chronically short by \$1.75 million. Mr. Clark said that such a memorial showing the New Mexico legislature's support of tribal colleges would be a great gesture.

Senator Sanchez asked if SIPI, as a nontuition-charging school, was asking to be included in the lottery tuition scholarship program. Mr. Lujan said that he was present to support inclusion of the other schools. In further discussion, all the schools agreed that state audits of lottery tuition scholarship funds would be acceptable; the schools are currently audited by the federal government and by the state if they receive state funds. Ms. Warrior pointed out that state statute requires one member of the higher education advisory board be a representative of tribal colleges. Asked if the schools would follow higher education department dictates about curriculum, Mr. Lujan said that SIPI offers the same 35 general education core courses that other community colleges offer. Ms. Warrior said IAIA would listen, but the school is accredited as an art institute with a unique curriculum and is not a community college.

In response to Ms. Warrior's statement that Native Americans should be given the same opportunities as other New Mexicans to go to college on the lottery tuition scholarship, Senator Sanchez pointed out that they do have the same opportunity to go to state schools, which is different from tribal colleges asking that their institutions be included. Ms. Warrior said the tribal college presidents believe their schools are doing a better job at educating Native American students and preparing them for transfer to a university. She said students attend tribal colleges because of native faculty and unique curriculum. Asked if she thought the scholarships should be open to private schools, Ms. Warrior said that, in recognition of the high cost of tuition at private colleges, perhaps a cap on those scholarships might be appropriate. Mr. Clark restated his point that New Mexico tribal colleges are not different from other New Mexico community colleges, so tribal college students should be able to participate in the scholarship program. He said the tribal college curriculum is not substandard and all the schools meet accreditation standards. Senator Sanchez said the point of the lottery tuition scholarship program is to give every New Mexico high school graduate the ability, the choice, to use the program at state-supported institutions. The rationale for the program was to encourage high school students to finish school and to determine which high schools were failing to prepare their students for college. Referring to an earlier comment about the senate failing to understand the issues, Senator Sanchez said the senate understood the issues, it just did not agree. He stated that the program is the perfect needs-based program: students do not have to apply and ethnicity is not a factor; all that is required is that the student be a New Mexico graduate, attend a state-supported college or university and meet minimum academic requirements. If the program is broadened, there will be a rush of private colleges and business schools wanting to participate. The lottery tuition scholarship fund is receiving less money from the lottery, and the long-term stability of the fund is in question. The scholarship program must maintain its financial integrity or scholarships could end up at \$50.00 instead of the current full-tuition cost, breaking the promise the legislature made to all people of the state. He reminded the subcommittee of the number of proposed changes to the program that the legislature sees every session. He added that the program is about the children of New Mexico, about getting them all educated.

Senator Sanchez said he had been impressed with the presenters' testimony and several questions he had were answered. He added that if the program were to be extended to tribal colleges, there should be no exclusions based on ethnicity and that non-Natives should be encouraged and recruited to attend tribal colleges. Mr. Lujan said tribal colleges are a special situation and should not be compared to private colleges or business colleges. Mr. Clark reiterated that Diné college does not discriminate and noted that if tribal colleges participated in the lottery tuition scholarship program perhaps more non-Natives would attend. He invited the members to Diné college.

Senator Smith concurred with Senator Sanchez's comments on the senate's concerns about fund revenues and the desire to ensure the sustainability of lottery tuition scholarship funding and funding for state-supported institutions. Lottery revenue and revenue growth are uncertain at this time and he sees problems with adding groups or types of students if such additions mean that scholarships will decrease to the point of worthlessness. To be fiscally responsible, the subcommittee should not decide to expand the program until more is known about lottery revenue stability over time. He noted that the

subcommittee needs to look at the issue of state-supported schools shifting fees to tuition, which could also harm the integrity of the program.

Representative Miera asked if students who attend tribal colleges are eligible for lottery tuition scholarships when they attend a public institution. Kathy Cantrell, former acting secretary of higher education, said that students must attend a public institution immediately after graduation to qualify for the scholarships.

On questions from Senator Ryan, who was sitting in on the meeting, Senator Smith said that lottery revenue is down 3.2 percent and the opening of the Hobbs racino, for example, has negatively affected the lottery. Also, the legislature does not have a good handle on tuition increases, particularly with some fee-shifting last year, or on enrollment growth. Collectively, the proposed add-ons would jeopardize the program. Senator Ingle said it is difficult for the legislature to control costs and the increase in other gaming will continue to hurt the long-term outlook of lottery revenues. Representative Madalena spoke about the lottery authority/Santa Ana partnership that the governor had interrupted, which he said would have helped lottery revenues. He suggested the legislature look at what constitutes expansion of gaming.

There being no further business, the subcommittee adjourned at 12:40 p.m.

**Minutes
of the
Fifth Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
Room 322, State Capitol
October 24, 2005**

The fifth meeting of the lottery tuition scholarship study subcommittee was called to order on October 24, 2005 at 10:20 a.m by Senator Michael S. Sanchez in Room 322, State Capitol.

Present were:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Stuart Ingle
Rep. James Roger Madalena
Rep. Rick Miera
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Absent were:

Sen. Timothy Z. Jennings
Rep. Terry T. Marquardt
Sen. Leonard Lee Rawson

Advisory members:

Rep. Donald E. Bratton
Sen. Joseph A. Fidel
Rep. Ben Lujan
Sen. Lidio G. Rainaldi

Rep. William "Ed" Boykin
Sen. Kent L. Cravens
Rep. Irvin Harrison
Rep. Teresa A. Zanetti

Staff: Jonelle Maison and Lisa Barsumian

Guests: The guest list is in the meeting file.

The minutes of the fourth meeting were approved as submitted.

Lottery Tuition Scholarships at Private Colleges – Dr. Mark Lombardi, College of Santa Fe; Dr. Michael Peters, St. John's College; and Dr. Gary Dill, College of the Southwest

Ray Davenport, New Mexico council of independent colleges, introduced the presidents and explained that all the colleges are accredited by the same accrediting agency that accredits the state's public colleges and universities. He pointed out that the legislature has established five programs,

including the Student Choice Act and Vietnam veterans' scholarships, that allow state-funded scholarships to be used at private colleges.

Dr. Lombardi, president of the college of Santa Fe, said that participation of the state's private colleges in the lottery tuition scholarship program would promote access to higher education and economic development for the state. The college of Santa Fe was the first college in New Mexico, chartered in 1874. Twenty-five years ago, the college pioneered adult education in a format designed for working adults. The college has 1,800 traditional and nontraditional students; of those, 1,400 are native New Mexicans. Seventy-five percent of college of Santa Fe graduates remain in-state, raising families and paying taxes; 97 percent of education students go on to teach in New Mexico. Ninety-two percent of students receive financial aid and 40 percent are eligible for Pell grants. The average aid award is \$8,700. The college offers several regionally unique programs: (1) above-the-line film programs train directors, producers, cinematographers and screenwriters in the finest facilities between the coasts; (2) a documentary studies program that only one other school, Duke university, offers; (3) a conservation science program; and (4) a masters in education program specializing in working with at-risk youth. Dr. Lombardi said that many private college students want smaller classes, more one-on-one instruction, personalized attention and specialized programming. If that option is closed to them in New Mexico, they will leave the state and are 65 percent more likely not to return. He noted that the engine of economic development is education and the state's future rests with an educated, well-trained, professional work force. By not allowing private college students to participate in the lottery tuition scholarship program, state policies are fostering the export of talent and brainpower to schools and communities outside the state. If accredited private education in New Mexico is available through the scholarship program, there will be greater competition for students, thus improving educational benefits and quality. The key goal for any state government is to provide the best educational opportunity to its residents; this means availability and access and choice. Annual tuition for a full-time student at college of Santa Fe is \$18,865.

Dr. Peters, president of St. John's college, said providing the benefit of the lottery tuition scholarship for New Mexico residents who attend private colleges in the state is important for two reasons: (1) it is good for the college-bound youth of the state; and (2) it is good for the state and all its citizens. St. John's, a fully accredited college, offers a unique curriculum that is not available at any other college or university. For the right student, there is no alternative to St. John's. Currently, the college has a total undergraduate enrollment of 430, with 28 students from New Mexico, 15 of whom are from traditionally underrepresented groups. The college has an opportunity initiative program to seek and attract more students from underrepresented groups. Each year, on average, St. John's receives approximately 30 applications from New Mexico students, but enrolls only about 10. For the most part, the other 20 students choose to go to out-of-state colleges, mostly private, because they receive substantially more financial aid from those schools. Over 50 percent of the college's minority applicants go elsewhere because they receive a better financial aid package. He gave two examples of academically superior students who had wanted to attend St. John's but ultimately went to other schools outside the state because of more generous financial aid. While the boost from the lottery tuition scholarship would not completely close the gap, it would encourage more New Mexico students to attend St. John's and help retain talented young people in the state. Dr. Peters said that the number

of students who might qualify for lottery tuition scholarships at St. John's would be modest, perhaps 40 to 50 at most. While St. John's is selective, Dr. Peters said, it is not a school for the privileged. Almost 70 percent of its students receive financial aid; almost 45 percent of the New Mexico students are Pell grant eligible. Almost 1,000 of St. John's 8,000 total alumni live in New Mexico; 30 percent of those are involved in education in New Mexico, from preschool through university, and many alumni are leaders in the national laboratories, state and local government, business, the arts and other areas. Almost 60 New Mexico educators have enrolled in the St. John's graduate institute over the past five years; the summer and Tecolote programs involve hundreds more New Mexico educators each year. Dr. Peters said that extending the lottery tuition scholarship to private college students will: (1) help keep the best and brightest students in the state; (2) reinforce the solid bonds between the private colleges and the state and local communities and encourage more talented students, faculty and staff to come to New Mexico from out of state; and (3) benefit the economy and overall welfare of New Mexico. Annual tuition for a full-time student is \$30,000; \$15,000 per semester.

Dr. Dill, president of the college of the southwest, said his school serves mostly nontraditional students who transfer from other schools or who return to school later in life. The school has 620 students, 68 percent of whom are from New Mexico and 56 percent of whom are Pell grant eligible. Forty-one percent of the student body are minorities, 31 percent are Hispanic. Of the 74 first-time freshmen, 37 are from New Mexico. The college offers bachelor's and master's degrees for teachers. College of the southwest is a nondenominational faith-based college. Annual tuition for a full-time student is \$8,200.

On questions from Senator Sanchez, Mr. Davenport said last session's Senate Bill 385 limited the lottery tuition scholarship award at private colleges to the amount paid for students attending the university of New Mexico.

Speaker Lujan asked about the opportunity initiative at St. John's college and minority recruitment at the other colleges. Dr. Mora, St. John's tutor, said that 14 percent of the New Mexico students at St. John's were minority students; the average for liberal arts colleges is approximately seven percent. In its fourth year of tracking minority retention rates, the college retains about 62 percent of its minority students. Dr. Lombardi said that 28 percent of the college of Santa Fe student body is minority, with approximately 26 percent Hispanic and two percent Native American. Dr. Dill said that the college of the southwest has 41 percent minority participation, with 31 percent Hispanic, three percent Native American, four percent African-American and three percent Asian or other international students.

Representative Miera asked if the colleges would follow the state's course numbering system if they were allowed to participate in the lottery tuition scholarship program. Dr. Lombardi said the college of Santa Fe has its own course numbering system and it does not coordinate with other colleges, but it recognizes course equivalencies through the accrediting agency. Dr. Peters said that St. John's is a unique curriculum and does not accept transfer students. Dr. Dill said the college of the

southwest has formal articulation agreements with New Mexico community colleges and its courses are directly equivalent with the state numbering system in education. On further questions, the presidents said their schools would be able to handle the growth in student population if their students were eligible for tuition scholarships. Representative Miera asked what other private schools there were in the state. Dr. Lombardi said there were proprietary schools, such as the university of Phoenix and other out-of-state schools offering adult education; their students were older adults, not recent high school graduates. The average nontraditional student is a 32-year-old female. Of the 1,800 students at college of Santa Fe, 500 to 550 are attending right out of high school. Increasingly, students are taking a "gap year" before attending college.

On questions from Representative Martinez, Dr. Dill said the Native American student population at college of the southwest is three percent. He noted their participation in the school's rodeo program. Two percent of St. John's students are Native American and less than one percent of college of Santa Fe's students are Native American.

★ Senator Sanchez asked for a copy of the university of California-Los Angeles higher education research institute study that indicated that 65 percent of students who go out of state for college do not return to their home states. Asked how much of their budget was spent to recruit New Mexico students, Dr. Peters said St. John's had an overall \$25 million budget, but he did not know the exact recruitment budget. Dr. Mora said the school spent approximately \$250,000 for recruitment and had one full-time person in admissions who worked with New Mexicans. Dr. Lombardi said that the college of Santa Fe spent approximately \$1 million on recruitment, out of an overall budget of \$23 million; approximately 35 percent of the recruitment budget went to recruit New Mexicans and minorities. Dr. Dill said his recruitment budget, at approximately \$200,000, represented about two to three percent of the college of the southwest budget. The college spends the lion's share of its recruitment budget in New Mexico.

★ Senator Sanchez asked for the amount from each college spent on New Mexico-specific recruitment efforts pre- and post-lottery. Dr. Mora replied that it had only been in the last few years that St. John's had made a concerted effort to recruit minorities, and the school would not take a minority student if there was not a good match between the student and the school.

On questions from Representative Bratton, Dr. Dill said that all of its teacher education graduates had received New Mexico job offers. Over 90 percent of its alumni are New Mexico residents.

Speaker Lujan pointed out that although the colleges did a good job of serving New Mexico residents, the legislature had to look closely at the question of whether it can change the lottery tuition scholarship program to include private schools. Senator Sanchez reminded the subcommittee of the constraints of Article 12, Section 3 of the constitution of New Mexico.

University Student Associations – Joseph Gurule, New Mexico State University (NMSU); Britney Jaeger, University of New Mexico (UNM); Victor Carbajal, Western New Mexico University (WNMU)

Mr. Gurule said the associated students of NMSU had been looking at the lottery tuition scholarship program, particularly the financial projections for the lottery tuition fund, and the several proposals for changing the program. The association does not support the proposal to change the program to a needs-based program because meritorious students would lose their scholarships. He said that students are in school because of the scholarship and it gives them an incentive to stay in school and graduate. The student association does not support using a portion of the fund for needs-based scholarships, again because of concerns that the fund cannot support both merit scholarships and needs-based scholarships. The association does not support any changes that would imperil the financial integrity of the fund. An informal survey of students showed that some students thought the program was adequately advertised, while others said more needed to be done to educate high school and college students about the program. Freshmen need to be better informed about the effect their grades will have on eligibility.

Ms. Jaeger said that of the 18,000 returning students, approximately 6,000 have lottery tuition scholarships. The minimum academic requirement for a lottery tuition scholarship is a 2.5 GPA; the majority of students have between a 3.1 and 3.3 GPA, with 598 students having a 3.9 or greater GPA. She said that because of the lottery tuition scholarship, New Mexico is keeping the best and brightest of its high school graduates. When Ms. Jaeger was in the 7th grade, her class had a presentation about the lottery tuition scholarship program, and each student received a certificate that stated that if the student graduated from high school, she would be eligible to attend the state institution of her choice. Associated students of the university of New Mexico (ASUNM) does not support any changes to the program, because the program is accomplishing what it promised.

Mr. Carbajal said an informal survey at WNMU indicated that many students had not known about the program and its requirements to attend school immediately following high school and to maintain a 2.5 GPA.

Representative Martinez asked if there were specific proposals ASUNM did not support. Ms. Jaeger said the students did not want any changes that would endanger full funding for tuition for all students eligible under current requirements.

Senator Smith remarked that the think New Mexico report proposes to use lottery proceeds to fund individual development accounts. Senator Ingle said that there are a number of programs that fund the best and the brightest and the poorest students, but the lottery tuition scholarship program is the only one that funds the middle range of students. He opined that the program is the best thing the legislature has done for students.

★ Representative Madalena asked that the three schools not represented be requested to provide similar information.

On questioning from Representative Miera, the student representatives said that their associations had discussed the lottery tuition scholarship program and proposed changes in their student senates, but no formal action had been taken. Representative Miera asked that the student associations consider taking formal action on their recommendations. Asked if students were counseled about their grades and the lottery tuition scholarship during their first semester, Ms. Jaeger said she had not been because her grades were good, but she would find out if other students had been. Asked if the students would support the inclusion of fees in the scholarship awards, Ms. Jaeger said fees were a concern because of the expense, but the fund projections would seem not to support such an expansion.

Senator Ingle initiated a discussion on credit hours. Mr. Carbajal said WNMU encourages full-time students to take 16 hours per semester. Mr. Gurule said at NMSU it depends on a student's major; he was encouraged to take 18½ hours as a freshman and his GPA went down, which resulted in his losing the lottery tuition scholarship. He had not received any midterm counseling that might have saved the scholarship. Representative Bratton noted that students had also lost the scholarship because they dropped a class and were no longer considered full-time.

Other Business

Discussion then turned to the move by New Mexico highlands university and New Mexico institute of mining and technology (NMIMT) to shift fees to tuition this year. Senator Smith advised the subcommittee that if such action set a trend, the current financial projections for the lottery tuition fund would not hold. Senator Sanchez asked the members if the subcommittee wanted to recommend statutory definitions of tuition and fees. Senator Ingle pointed out that if the two schools had shifted fees, it was reasonable to assume that all the others would follow suit. Representative Miera said he had gotten a number of phone calls on this issue and believes the terms should be defined. Senator Smith said two options might be to cap what those two schools could charge or to take credit for fees in the budget. Representatives Wallace and Bratton discussed fees that could be considered part of general school expenses and more specific fees, such as laboratory fees. Representative Wallace concurred that the subcommittee needs to consider statutory definitions. Representative Bratton remarked that universities are charging building replacement fees while, at the same time, requesting capital outlay money from the legislature. Senator Ingle told the subcommittee he had introduced a bill several years ago to limit tuition to that charged when a student first entered the school; he thinks it would be worth looking at that proposal again. Carlos Romero, with UNM, explained that there are fees required of all students and course-specific fees. At UNM, the required fees are a \$195 general fee, a \$20.00 student association fee, a \$134.25 facilities fee and a \$38.00 information technology fee.

★ Staff was directed to draft statutory definitions of tuition and fees and to bring copies of Senator Ingle's bill to the next meeting.

★ Speaker Lujan reported that Dr. Lopez of NMIMT had said that tuition at New Mexico universities is significantly lower than the national average. NMIMT has the second-lowest tuition in the country for a school of its type; UNM has the ninth-lowest.

Representative Madalena said the subcommittee should look at ways to increase lottery tuition fund revenue, such as a portion of state gaming revenue. He mentioned the earlier proposed partnership between the lottery and casinos as a proposal that would have raised additional revenue.

★ Staff was directed to provide the following: (1) whether lottery-casino partnerships are an expansion of gaming; (2) how much one to two percent of the state's revenue from racetracks would generate; and (3) other ideas for increasing the lottery tuition fund.

Representative Bratton noted that fraternal organizations in his area were losing revenue because of the Hobbs racino. Senator Sanchez pointed out that any attempt to take track or casino revenue would be met with resistance from the finance committees because of the loss to the general fund. Representative Miera said that when people understand the crossover date between revenue and expenditures of the lottery tuition fund, they should support additional revenue to the fund.

The next meeting of the subcommittee is November 22 in Room 307, State Capitol.

There being no further business, the subcommittee adjourned at 12:25 p.m.

**Minutes
of the
Sixth Meeting
of the
Lottery Tuition Scholarship Study Subcommittee
Room 326, State Capitol
January 16, 2006**

The sixth meeting of the lottery tuition scholarship study subcommittee was called to order by Senator Michael S. Sanchez on January 16, 2006 at 2:15 p.m. in Room 326, State Capitol.

Present were:

Sen. Michael S. Sanchez, chairman
Rep. W. Ken Martinez, vice chairman
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Rep. James Roger Madalena
Rep. Terry T. Marquardt
Rep. Rick Miera
Sen. Leonard Lee Rawson
Sen. John Arthur Smith
Rep. Jeannette O. Wallace

Absent were:

Advisory members:

Rep. William "Ed" Boykin
Rep. Donald E. Bratton
Sen. Joseph A. Fidel

Sen. Kent L. Cravens
Rep. Irvin Harrison
Rep. Ben Lujan
Sen. Lidio G. Rainaldi
Rep. Teresa A. Zanetti

Staff: Jonelle Maison and Lisa Barsumian

Guests: the guest list is in the meeting file.

The minutes of the fifth meeting of the subcommittee were approved as submitted.

Subcommittee Legislation

Senator Sanchez called the subcommittee's attention to the bill draft proposed for subcommittee endorsement. The bill defines "tuition" and "general fees" and was the outgrowth

of testimony before the subcommittee earlier in the interim. During the ensuing discussion, Mr. Miguel Hidalgo stood in support of the bill for the department. On motion by Senator Smith, seconded by Representative Marquardt, the subcommittee agreed to endorse the bill. The bill will be introduced by Senator Sanchez and Representative Martinez.

Other Business:

Representative Madalena informed the subcommittee that he would be introducing several bills that provide scholarships for students at tribal colleges, including one that changes the College Affordability Act and one that enacts the Tribal College Scholarship Act. He will also propose a transfer of an amount equal to five percent of Indian gaming revenue from the general fund to the lottery tuition fund.

Senator Smith suggested that the subcommittee provide fund actuarial information to all legislators and that the chairman issue a press release explaining the revenue reduction forecast.

Representative Martinez said that he continues to support expansion of the lottery tuition scholarship program for tribal college students and children of New Mexico residents who are federal or military employees stationed outside New Mexico, and believes that other sources of revenue, such as casinos and racetracks, should be tapped for the program. He does not support inclusion of private colleges or the stop-out proposals.

Senator Sanchez said the problem with any additions or expansions is knowing where to draw the line. That ability of the legislature to expand only so far and no farther has always been a concern of his for the stability and viability of the lottery tuition scholarship program.

Harkening back to Senator Smith's comment regarding actuarial projections for the fund, Representative Bratton agreed the program needs additional funding, but noted that whenever the fund grows, educational institutions raise tuition to absorb any cash infusion.

The chairman thanked the subcommittee for its work during the interim. There being no further business, the subcommittee adjourned at 2:45 p.m.

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SENATE BILL

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

FOR THE LOTTERY TUITION SCHOLARSHIP STUDY SUBCOMMITTEE

AN ACT

RELATING TO HIGHER EDUCATION; DEFINING TUITION AND FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 21-1-4 NMSA 1978 (being Laws 1971, Chapter 235, Section 1, as amended) is amended to read:

"21-1-4. TUITION AND GENERAL FEE CHARGES--DEFINITIONS.--

A. [~~Except as provided in Section 21-1-4.3 NMSA 1978~~] The state educational institutions set forth in Article 12, Section 11 of the constitution of New Mexico and their branches, community colleges as provided in Chapter 21, Article 13 NMSA 1978 and technical and vocational institutes as provided in Chapter 21, Article 16 NMSA 1978 shall charge tuition, which is in addition to general or other earmarked fees, [~~at rates~~] as provided by law.

B. "Tuition" means the amount of money charged to

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1 students for instructional services, which may be charged per
2 term, per course or per credit. "Tuition" does not include
3 required general or other fees.

4 C. "General fee" means a fixed sum charged to
5 students for items not covered by tuition and required of such
6 a proportion of all students that the student who does not pay
7 the charge is an exception. General fees include fees for
8 matriculation, library services, student activities, student
9 union services, student health services, debt service and
10 athletics. An institution may charge fees in addition to
11 general fees that are course-specific or that pertain to a
12 smaller proportion of students.

13 ~~[B-]~~ D. During the regular academic year, "full-
14 time student" means a student who is taking twelve or more
15 credit hours in one semester or quarter. Full-time students
16 during the academic year shall be charged tuition at rates
17 provided by law.

18 ~~[G-]~~ E. During the summer session, "full-time
19 student" means a student who is taking at least a minimum
20 number of credit hours, which minimum is in the same proportion
21 to twelve credit hours as the duration and normal credit-hour
22 load of the summer session in the particular institution is to
23 the duration and normal credit-hour load of the institution's
24 regular semester or quarter. Full-time students in the summer
25 session shall be charged tuition at resident and nonresident

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1 rates in each institution, which rates shall be in the same
2 proportion to the full-time resident and nonresident rates of
3 that institution for the regular semester or quarter as the
4 minimum number of credit hours is to twelve hours.

5 ~~[D.]~~ F. "Part-time student" means a student who is
6 taking ~~[less]~~ fewer than the minimum number of credit hours in
7 a semester, quarter or summer session ~~[than that]~~ required for
8 full-time student status. Part-time students shall be charged
9 tuition at rates per semester credit hour or quarter credit
10 hour as provided by law.

11 ~~[E.]~~ G. The ~~[commission on]~~ higher education
12 department shall define resident and nonresident students for
13 the purpose of administering tuition charges in accordance with
14 the constitution and statutes of the state and after
15 consultation with the appropriate officials of the institutions
16 concerned. Each institution shall use the uniform definitions
17 so established in assessing and collecting tuition charges from
18 students."