



# New Mexico Military Institute

## 2014 Legislative Session Recommendation



**ISSUE:** To amend §21-12-12 NMSA 1978 to provide \$1.2M in annual funding to support award of the General Richard T. Knowles Legislator Scholarship.

**FACTS BEARING ON THE ISSUE:**

1. In 1989, the General Richard T. Knowles Legislator Scholarship was enacted, but unfunded. In the same year, New Mexico Military Institute established the scholarship’s endowment fund by transferring \$1,250,000 from school balances.
2. In FY 2006, the legislature began funding the scholarship from General Fund appropriations with an initial \$463,800. Since then, the legislature has provided varying yearly amounts to fund the scholarship.

Knowles Funding History - State Appropriations	
2014	842,800
2013	792,800
2012	792,800
2011	834,500
2010	853,500
2009	889,900
2008	912,700
2007	788,800

3. The last amendment to statute §21-12-12 NMSA 1978, made in 2009, expanded the flexibility to make unawarded scholarships available to qualified students who would otherwise not be considered for award of the scholarship. This flexibility has resulted in a greater number of scholarships awarded annually.
4. Currently, legislative members and NMMI award on average 221 scholarships annually to New Mexico students. With NMMI enrollment increasing, we estimate that approximately 250 scholarship recipients will enroll at NMMI during a school year, based on a maximum annual award of 112 new scholarships. Given the current unpredictable funding approach, our best estimate has us unable to meet the estimated growth in scholarship awards. Future scholarship success requires an established, predictable funding stream. Based on the following Annual Funding Scenario, the minimum estimated annual appropriation necessary to sustain the scholarship award is \$1.2M (\$1,200,000):

Knowles Annual Funding Scenario	
Individual Scholarship Amount	\$ 5,069
Estimated Number of Scholarship Awards	X 250
Total Cost of Awards	\$ 1,267,250
Required Annual State Funding	1,200,000
NMMI Portion - Paid Out of Endowment Earnings	67,250
Total Scholarship Funding	\$ 1,267,250

**RECOMMENDATION:** That §21-12-12 NMSA 1978 be amended, by the following suggested language, to provide for an annual appropriation of \$1.2M to sustain award of the General Richard T. Knowles Legislator Scholarship:

“APPROPRIATION - On an annual basis one point two million dollars (\$1,200,000) will be appropriated from the General Fund to the Legislative Scholarship Fund for the purpose of implementing the provisions of the Legislative Scholarship Program. Any unexpended or unencumbered balance at the end of any fiscal year shall not revert to the General Fund.”