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October 17, 2006

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Frances R. Maestas 

**RE: LOTTERY SUCCESS SCHOLARSHIP PROGRAM: HED REPORT**

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Passed by the 1995 Legislature, the *New Mexico Lottery Act* provides that net revenues from the New Mexico Lottery be used to provide scholarships for eligible New Mexico students. According to statute, lottery net proceeds are credited to the Lottery Tuition Fund and, from there, appropriated to the Higher Education Department (HED) to award all qualifying high school graduates tuition scholarships at New Mexico public postsecondary institutions.

The attached report by the HED, *Lottery Success Scholarship Program, 2006 Annual Update*, outlines the history, eligibility requirements, and current structure of the program; summarizes participation and enrollment data for FY 06; and provides actual and projected financial information.

The participation and enrollment data outline lottery recipient data by gender and ethnicity, by county, and by institution. The financial information includes tuition rate increases by institution and the unaudited FY 06 fund balance. Please note (on page 7) that projected revenues from FY 07 to FY 13 are expected to increase slightly each year; however, expenditures for the same time period are projected to exceed revenues, resulting in a significant decrease in the projected fund balance by FY 13.



NEW MEXICO  
**HIGHER EDUCATION**  
DEPARTMENT

# **Lottery Success Scholarship Program**

## **2006 Annual Update**

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# History of the Lottery Success Scholarship Program

- Scholarship program authorized in 1996
- Program implemented in 1997
- Initially, 50% of lottery revenues dedicated to scholarships and 50% dedicated to public school critical capital outlay
- In 2002, law changed to direct 100% of lottery net revenues to the scholarship program



# Student Eligibility Requirements

- Must be a New Mexico resident;
- Must graduate from a New Mexico public high school, an accredited private high school recognized by the Public Education Department or have obtained a New Mexico GED;
- Must begin service in the US armed forces within 120 days of graduating from an eligible high school or receiving a New Mexico GED and within 120 days of honorable service or medical discharge, enroll in a New Mexico public college or university
- Must be enrolled full-time (12 credit hours) at an eligible New Mexico public college or university in the first regular semester immediately following high school graduation; and
- Must obtain at least a 2.5 GPA.

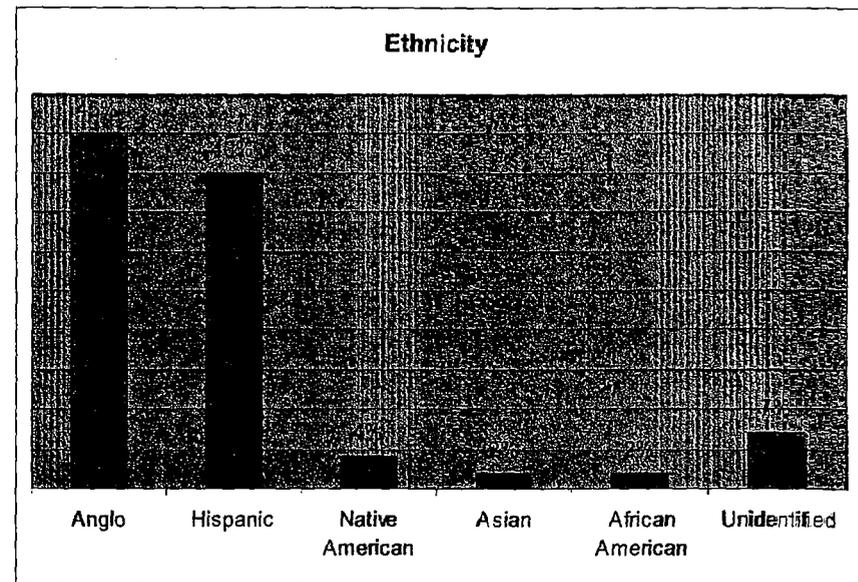
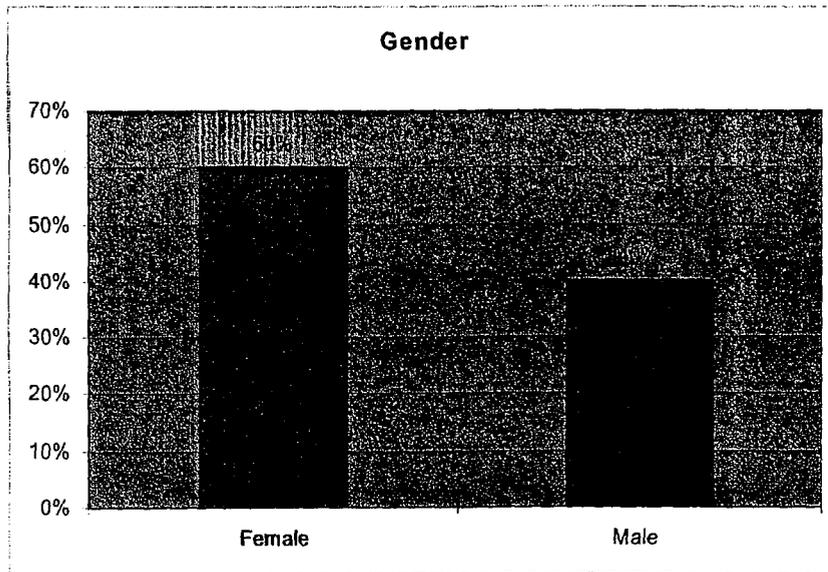
# Structure of Scholarship Program

- Scholarship pays for tuition at any public New Mexico college or university
- The first semester of college is the qualifying semester
  - Students do not receive the scholarship until the 2<sup>nd</sup> semester of college
  - Students who fail to meet the eligibility requirements during the qualifying semester cannot access the scholarship program unless they can provide documentation that they could not meet the eligibility requirements due to a medical condition
- Students can receive the scholarship for up to 8 consecutive semesters
  - Must maintain a 2.5 GPA and complete 12 credit hours per semester
  - If student fails to meet eligibility requirements, they may be placed on probation (they will not receive funding while on probation)

# Participation and Enrollment

- According to the Measuring Up 2006 Report, New Mexico is the top performing state in terms of students who participate in post-secondary education
- Over 13,000 students received scholarships in the Spring 2006

## Demographics of Lottery Recipients



# Facts of Importance

- Out of the 15,941 students reported as graduating in the Spring of 2006, 24% were lottery recipients.
- On average 48% of those students who attempt to qualify for lottery during the Fall semester actually do so the following Spring
- 17% of students enrolled are supported by the lottery program
- 33% of lottery recipients report data indicating poverty on their FAFSA or receive a Pell award.

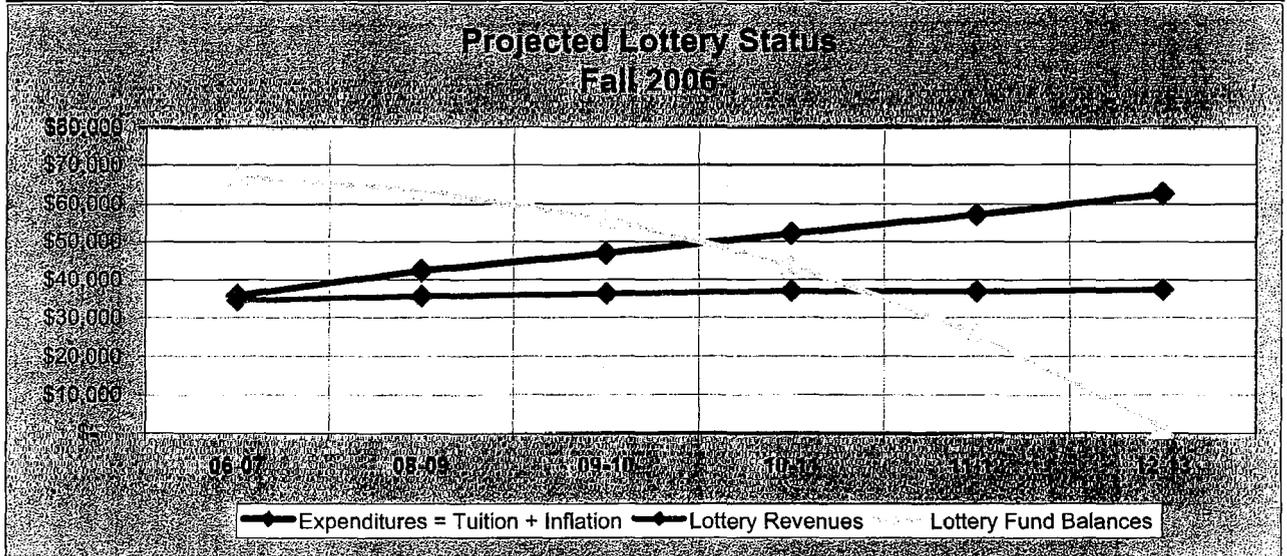
# Lottery Projection

## New Mexico Higher Education Department

<b>Tuition and Inflation Rates</b>				
	Research Universities	Comp Universities	Independent C.C.	Branch C.C.
Tuition:	\$ 1,678	\$ 1,047	\$ 453	\$ 542
Inflation:	8.7%	6.2%	6.1%	6.1%

<b>Expenditures (\$1,000)</b>							
FY	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Research	\$ 31,863.3	\$ 34,432.2	\$ 37,809.9	\$ 41,958.3	\$ 46,699.5	\$ 51,249.9	\$ 56,311.4
Comprehensive	2,600.7	2,746.0	2,945.9	3,194.6	3,474.9	3,768.7	4,104.5
Independent	602.9	636.9	684.0	741.5	806.1	873.4	952.0
Branch	817.2	863.6	927.9	1,006.1	1,093.7	1,184.9	1,291.9
<b>Expenditures (1)</b>	<b>35,884.2</b>	<b>38,678.6</b>	<b>42,367.6</b>	<b>46,900.5</b>	<b>52,074.2</b>	<b>57,076.9</b>	<b>62,659.8</b>

<b>Fund Balance:</b>	<b>67,207.6</b>	<b>66,970.0</b>	<b>63,564.6</b>	<b>56,136.7</b>	<b>\$43,883.9</b>	<b>\$25,890.6</b>	<b>\$1,884.2</b>
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(1) One Award = 1 payment for 1 term. (Students Normally get 1-2 awards per Fiscal year).

(2) Revenue estimates: LFC/DFA 2006-11, HED 2012-13.

**New Mexico Higher Education Department  
Lottery Success Scholarship Projections**

										Audited FY06	
<b>Revenues</b>											
Beginning Balance		2,797.9	12,568.8	17,999.7	17,724.2	16,394.1	15,559.9	26,295.1	38,418.1	51,018.8	55,998.1
Transfers from NM Lottery Authority	2,277.4	7,841.1	7,670.1	8,004.0	10,271.9	13,457.6	29,604.4	33,093.4	36,147.4	32,242.0	31,000.0
Unspent Reserve Fund Transfers	520.5	1,650.0	92.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Earnings	0.0	279.8	795.4	1,030.3	1,052.1	873.4	613.1	490.3	450.5	1,075.8	1,000.0
<b>Total</b>	<b>2,797.9</b>	<b>12,568.8</b>	<b>21,126.4</b>	<b>27,034.0</b>	<b>29,048.2</b>	<b>30,725.1</b>	<b>45,777.4</b>	<b>59,878.8</b>	<b>75,016.0</b>	<b>84,336.6</b>	<b>87,008.1</b>
<b>Expenditures</b>											
Lottery Success Scholarships	0.0	0.0	3,126.7	9,309.8	12,654.1	15,165.2	19,482.3	21,277.3	23,997.2	28,338.5	28,000.0
<b>Ending Balance</b>	<b>\$ 2,797.9</b>	<b>\$ 12,568.8</b>	<b>\$ 17,999.7</b>	<b>\$ 17,724.2</b>	<b>\$ 16,394.1</b>	<b>\$ 15,559.9</b>	<b>\$ 26,295.1</b>	<b>\$ 38,601.5</b>	<b>\$ 51,018.8</b>	<b>\$ 55,998.1</b>	<b>\$ 65,008.2</b>

	Projected						
	FY07	FY08	FY09	FY10	FY11	FY12	FY13
<b>Revenues</b>							
Beginning Balance	65,319.20	67,175.00	66,883.60	63,397.60	55,856.40	43,450.40	25,257.70
Transfers from NM Lottery Authority	34,500.00	35,074.00	35,607.00	36,288.00	37,009.00	36,885.00	37,356.20
Unspent Reserve Fund Transfers	0	0	0	0	0	0	0
Interest Earnings	3,272.50	3,365.50	3,350.90	3,176.20	2,798.40	2,176.90	1,265.40
<b>Total</b>	<b>103,091.70</b>	<b>105,614.50</b>	<b>105,841.40</b>	<b>102,861.90</b>	<b>95,663.80</b>	<b>82,512.30</b>	<b>63,879.30</b>
<b>Expenditures</b>							
Lottery Success Scholarships	35,916.70	38,730.90	42,443.80	47,005.50	52,213.40	57,254.60	62,882.70
<b>Ending Balance</b>	<b>\$67,175.00</b>	<b>\$66,883.60</b>	<b>\$63,397.60</b>	<b>\$55,856.40</b>	<b>\$43,450.40</b>	<b>\$25,257.70</b>	<b>\$996.70</b>

Notes:

1. Revenues based on consensus model developed by DFA/LFC.
2. Effective FY02 transfers from the NM Lottery Authority reflect 100% of net revenues.
3. Unspent Reserve Fund Transfers are made by the NM Lottery to the Lottery Tuition Fund at the end of each fiscal year.

**New Mexico Higher Education Department  
Institutional Semester Tuition Rates \* FY 2002-03 Thru 2006-07**

	02-03	2003-04				2004-05			2005-06			2006-07		
		Rate	Rate	Change		Rate	Change		Rate	Change		Rate	Change	
				\$	%		\$	%		\$	%		\$	%
<b>RESEARCH</b>														
Universities	NMIMT	1,027	1,078	51	5.0%	1,153	75	7.0%	1,578	425	36.8%	1,720	142	9.0%
	NMSU	1,164	1,209	45	3.9%	1,314	105	8.7%	1,434	120	9.1%	1,562	128	8.9%
	UNM	1,311	1,370	59	4.5%	1,556	186	13.6%	1,680	124	8.0%	1,738	57	3.4%
	<b>Average</b>	<b>1,167</b>	<b>1,219</b>	<b>52</b>	<b>4.4%</b>	<b>1,341</b>	<b>122</b>	<b>10.0%</b>	<b>1,564</b>	<b>223</b>	<b>16.6%</b>	<b>1,673</b>	<b>109</b>	<b>7.0%</b>
<b>COMPREHENSIVE</b>														
Universities	ENMU	822	888	66	8.0%	939	51	5.7%	996	57	6.1%	1,068	72	7.2%
	NMHU	768	804	36	4.7%	816	12	1.5%	864	48	5.9%	924	60	6.9%
	WNMU	792	876	84	10.6%	948	72	8.2%	1,032	84	8.9%	1,128	96	9.3%
	<b>Average</b>	<b>794</b>	<b>856</b>	<b>62</b>	<b>7.8%</b>	<b>901</b>	<b>45</b>	<b>5.3%</b>	<b>964</b>	<b>63</b>	<b>7.0%</b>	<b>1,040</b>	<b>76</b>	<b>7.9%</b>
<b>BRANCH</b>														
Community Colleges	ENMU Roswell	376	397	21	5.6%	421	24	5.9%	441	20	4.9%	472	31	7.1%
	ENMU Ruidoso	312	312	0	0.0%	312	0	0.0%	324	12	3.8%	324	0	0.0%
	NMSU Alamogordo	432	468	36	8.3%	516	48	10.3%	576	60	11.6%	624	48	8.3%
	NMSU Carlsbad	456	480	24	5.3%	480	0	0.0%	516	36	7.5%	540	24	4.7%
	NMSU Dona Ana	396	420	24	6.1%	444	24	5.7%	480	36	8.1%	492	12	2.5%
	NMSU Grants	408	432	24	5.9%	492	60	13.9%	552	60	12.2%	576	24	4.3%
	UNM Gallup	456	492	36	7.9%	528	36	7.3%	610	82	15.5%	672	62	10.2%
	UNM Los Alamos	396	420	24	6.1%	444	24	5.7%	522	78	17.6%	534	12	2.3%
	UNM Taos	420	444	24	5.7%	480	36	8.1%	636	156	32.5%	660	24	3.8%
	UNM Valencia	420	456	36	8.6%	492	36	7.9%	540	48	9.8%	588	48	8.9%
	<b>Average</b>	<b>407</b>	<b>432</b>	<b>25</b>	<b>6.1%</b>	<b>461</b>	<b>29</b>	<b>6.7%</b>	<b>520</b>	<b>59</b>	<b>12.8%</b>	<b>548</b>	<b>29</b>	<b>5.5%</b>
<b>INDEPENDENT</b>														
Community Colleges	CNM (formerly ATVI)	427	444	17	4.0%	462	18	4.1%	482	20	4.4%	497	14	3.0%
	CCC	276	288	12	4.3%	288	0	0.0%	336	48	16.7%	348	12	3.6%
	LCC	300	300	0	0.0%	300	0	0.0%	336	36	12.0%	336	0	0.0%
	MCC	450	525	75	16.7%	525	0	0.0%	444	(81)	-15.4%	444	0	0.0%
	NMJC	312	408	96	30.8%	408	0	0.0%	528	120	29.4%	576	48	9.1%
	NNMCC	324	324	0	0.0%	348	24	7.4%	408	60	17.2%	432	24	5.9%
	SFCC	318	318	0	0.0%	360	42	13.2%	376	16	4.5%	388	11	3.0%
	SJC	180	300	120	66.7%	300	0	0.0%	300	0	0.0%	360	60	20.0%
	<b>Average</b>	<b>323</b>	<b>363</b>	<b>40</b>	<b>12.4%</b>	<b>374</b>	<b>11</b>	<b>2.9%</b>	<b>401</b>	<b>27</b>	<b>7.3%</b>	<b>423</b>	<b>21</b>	<b>5.3%</b>
<b>SPECIAL SCHOOLS</b>														
	NMMI	755	871	116	15.4%	1,156	285	32.7%	1,272	116	10.0%	1,304	32	2.5%

\* Based on Under Grad Full-Time Resident

## Degrees Awarded to Lottery Scholarship Recipients FY 2006

Institution	CampusName	Certificates	Associates	Bachelors	Total
<i>Research</i>					
NMIMT	Main	-	-	1	1
NMSU	Main	-	9	620	629
UNM	Main	1	7	722	730
Subtotal		1	16	1,343	1,360
<i>Comprehensive</i>					
ENMU	Main	-	-	115	115
NMHU	Main	-	-	32	32
WNMU	Main	2	5	8	15
NNMC	El Rito	2	4	-	6
Subtotal		4	9	155	168
<i>Independent</i>					
CCC	Main	3	9	-	12
CNM	main campus	14	32	-	46
MCC	Main	-	5	-	5
NMJC	Main	5	16	-	21
SFCC	Main	1	12	-	13
SJC	Main	6	35	-	41
Subtotal		29	109	-	138
<i>Branch</i>					
ENMU	Roswell Branch	12	16	-	28
NMSU	Alamogordo Branch	-	12	-	12
NMSU	Carlsbad Branch	1	10	-	11
NMSU	Dona Ana Branch	11	23	-	34
NMSU	Grants Branch	3	4	-	7
UNM	Gallup Branch	1	7	-	8
UNM	Los Alamos Branch	-	6	-	6
UNM	Taos Center	1	1	-	2
UNM	Valencia Branch	-	14	-	14
Subtotal		29	93	-	122
<b>Grand Total</b>		<b>63</b>	<b>227</b>	<b>1,498</b>	<b>1,788</b>

**Note:**

(1) An individual may receive one or more degrees in the same reporting period

## Lottery Success Scholarship Recipients By County

The table below lists the number of recipients on Lottery Success Scholarships by county, the total amount awarded, and the number of graduates by highest degree earned.

County	Attended College	Total Awards	Total Graduates	Certificate	Associates	Bachelors	Master's	Ph.D.
Other	385	975,129	114	16	45	61	5	-
Bernalillo	12,958	60,805,566	4,466	134	482	3,944	270	71
Catron	62	279,386	30	2	9	21	-	-
Chaves	1,541	4,418,898	508	60	152	348	20	3
Cibola	530	1,697,444	229	33	81	139	9	4
Colfax	253	1,009,766	97	-	8	89	6	-
Curry	1,187	3,013,543	395	51	139	252	18	3
De Baca	80	270,624	33	3	6	26	2	-
Dona Ana	4,515	18,600,528	1,668	64	274	1,389	108	14
Eddy	1,447	4,514,462	542	39	178	379	38	2
Grant	774	2,942,798	296	5	45	255	27	1
Guadalupe	102	343,107	33	3	4	27	4	-
Harding	53	206,873	25	2	3	20	1	-
Hidalgo	118	529,887	59	2	7	52	1	-
Lea	1,088	1,940,244	384	44	210	168	15	1
Lincoln	420	1,468,411	159	8	51	109	4	-
Los Alamo:	764	3,487,914	279	3	39	247	9	4
Luna	373	1,299,302	122	10	25	92	8	-
Mckinley	1,163	3,492,881	353	27	127	219	18	3
Mora	133	535,402	50	-	5	45	3	-
No Respor	151	649,251	81	2	11	68	2	-
Otero	1,416	5,110,991	571	10	188	420	26	4
Quay	285	881,802	101	7	26	72	1	-
Rio Arriba	1,254	3,979,672	471	49	183	284	24	2
Roosevelt	617	1,873,367	222	21	35	184	9	-
San Juan	2,340	6,194,334	864	65	399	499	38	9
San Migue	779	2,852,357	299	16	32	259	24	3
Sandoval	2,083	8,690,713	576	36	82	473	22	5
Santa Fe	2,877	10,821,278	932	37	207	731	49	8
Sierra	162	694,031	56	2	8	50	1	-
Socorro	304	1,229,356	113	7	20	89	9	2
Taos	653	2,311,007	202	21	45	151	11	-
Torrance	320	1,289,328	103	9	18	80	6	1
Union	113	419,421	40	1	4	36	2	-
Valencia	1,789	6,183,571	622	40	202	434	28	5
<b>Totals</b>	<b>43,089</b>	<b>165,012,644</b>	<b>15,095</b>	<b>829</b>	<b>3,350</b>	<b>11,712</b>	<b>818</b>	<b>145</b>

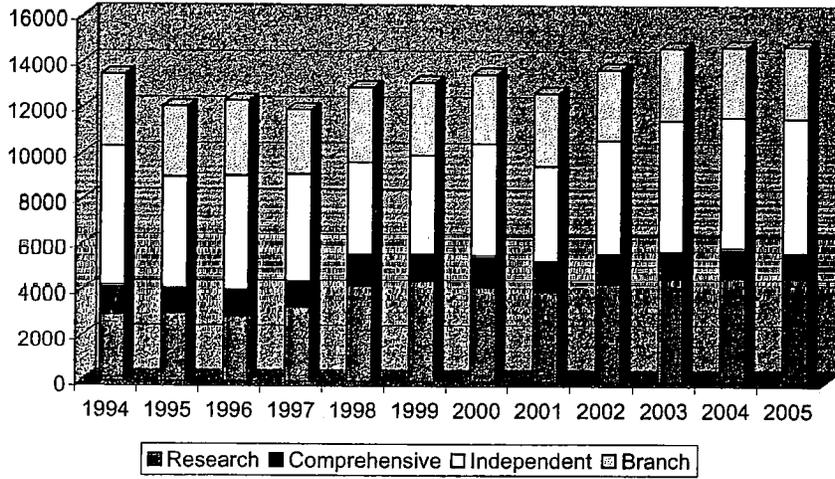
**Notes:**

- (1) Based on data submitted by institutions.
- (2) Student count is cumulative and includes all students that were awarded a Lottery Success Scholarship at anytime.
- (3) Graduates and degrees may include duplicates if a student attained more than one degree (i.e., student received an Associates degree and continued for a Bachelors degree.)
- \* Refers to NM students who graduated from a Texas or Arizona high school under an agreement with SDE and Arizona residents on the Navajo Reservation who qualify for Lottery Success Scholarships

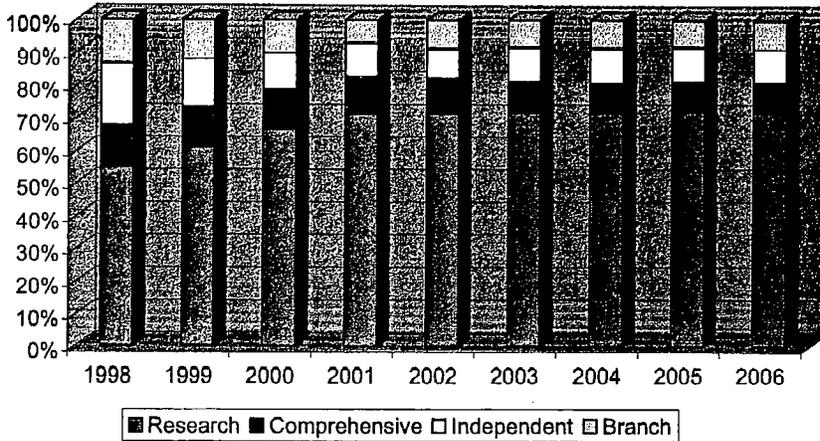
## Lottery Success Scholarship Participants by Gender or Ethnicity FY 2006

INSTITUTION	FEMALE	MALE	Native American	Asian	Hispanic	White	Black	Nonresident Alien	Unknown
<b>Research</b>									
NM TECH	115	323	12	14	105	303	4	-	1
NMSU MAIN	2,360	1,583	105	38	1,666	1,802	57	2	273
UNM MAIN	4,436	2,818	270	256	2,822	3,376	151	-	382
<b>Comprehensive</b>									
ENMU MAIN	535	348	25	11	285	496	19	-	48
NMHU MAIN	180	107	20	1	217	36	6	-	7
NORTHERN NMC	57	18	4	-	65	5	-	-	72
WNMU MAIN	125	75	8	-	93	80	3	1	15
<b>Branch</b>									
ENMU ROSWELL	170	87	2	1	146	99	3	-	6
ENMU RUIDOSO	8	7	-	-	4	11	-	-	-
NMSU ALAMOGORDO	85	44	2	2	50	52	5	-	18
NMSU CARLSBAD	81	43	1	2	54	61	2	-	4
NMSU DONA ANA	273	149	7	2	306	74	12	5	17
NMSU GRANTS	29	14	14	-	17	12	-	-	-
UNM GALLUP	77	40	80	2	22	10	-	-	4
UNM LOS ALAMOS	44	38	3	2	58	18	-	1	-
UNM TAOS	31	13	1	-	34	6	1	-	2
UNM VALENCIA	122	70	5	1	130	51	2	-	3
<b>Independent</b>									
CLOVIS CC	130	43	3	1	43	119	-	-	7
CNMCC	524	295	54	17	366	292	11	2	77
MESA CC	10	10	1	-	8	11	-	-	-
NM JUNIOR COL	45	47	1	1	37	41	2	-	10
NMMI	4	14	1	-	7	10	-	-	-
SFCC	132	64	2	2	131	55	-	-	6
SJC	200	139	79	3	66	185	-	-	6
<b>Total</b>	<b>9,773</b>	<b>6,389</b>	<b>700</b>	<b>356</b>	<b>6,732</b>	<b>7,205</b>	<b>278</b>	<b>11</b>	<b>958</b>

### First time freshmen enrollment



### Lottery Recipients Share



### Annual Lottery Recipients Head Count

