

**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.