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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/06

SPONSOR Sanchez, M. LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Define Higher Education Tuition & Fees SB 155

ANALYST Earp

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	(0.1)*	Recurring	Lottery Tuition Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\*SEE NARRATIVE

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 155, sponsored by Senator Michael Sanchez on behalf of the interim Lottery Tuition Scholarship Study Committee, amends Section 21-1-4 NMSA 1978 to define the terms “tuition” and “general fee.” Further, this language applies to four-year public, post-secondary institutions, and the application of this section is extended to branch community colleges, community colleges and technical vocational institutions.

### FISCAL IMPLICATIONS

This bill does not contain an appropriation; however, enactment of this legislation is likely to have a significant impact on the expenditure of the Lottery Tuition Fund. The lack of clear statutory definitions of “tuition” and “general fees” has contributed to a trend by some institutions of higher education to reclassify an increasing portion of their combined “tuition and fee” charges as “tuition.” The impact of this reclassification is to increase the value of Lottery Success Scholarships for eligible recipients, thereby increasing the expenditure rate from the Lottery Tuition Fund. Enactment of this legislation will constrain this practice which should help reduce the rate of growth in future expenditures for the program, all other things held equal.

**SIGNIFICANT ISSUES**

Establishing clearer definitions for these terms should contribute to more consistent and equitable pricing practices among New Mexico public postsecondary institutions, and provide more equitable benefits to Lottery Success Scholarship recipients.

**ADMINISTRATIVE IMPLICATIONS**

HED is charged with administration of existing statutes relating to tuition and fee practices at the institutions. The greater specificity of the definitions contained in this legislation should assist the department in this regard. No significant additional administrative impact is apparent.

**OTHER SUBSTANTIVE ISSUES**

The New Mexico Higher Education Department (NMHED) notes that it has statutory authority to ensure that tuition and fees are properly assessed. Defining tuition and fees will strengthen accountability and allow for improved external auditing. HED states that enactment of Senate Bill 155 will assist the department and New Mexico public post-secondary institutions in the budgeting, accounting, and reporting of tuition and fees.

While this bill specifically extends the application of Section 21-1-4 to various two-year institutions, it is noted that this has been the general practice even though the statute was not specific in this regard.

DE/yr