

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 134

49th Legislature, 2nd Session, 2010

Tracking Number: .179333.1GR

Short Title: Military Veteran Lottery Scholarships

Sponsor(s): Senator William H. Payne

Analyst: Ally Hudson

Date: February 10, 2010 (revised)

Bill Summary:

SB 134 amends the general provisions relating to state educational institutions and changes the eligibility for military veterans to receive a Legislative Lottery Scholarship by extending the timeline for enrollment to one year from 120 days.

The bill also reconciles multiple amendments to the same section of law.

Fiscal Impact:

SB 134 makes no appropriation.

Fiscal Issues:

The following table is based on information provided by HED. Lottery Tuition Fund revenues, expenditures, and fiscal year-end balances are projected for FY 10 through FY 12. If average tuition costs are increased by 6.0 percent per year, HED projects that expenditures will exceed the year-end fund balance in FY 11.

PROJECTED LOTTERY FUND BALANCES FOR FY 10 THROUGH FY 12

**CURRENT TUITION HELD CONSTANT
(In thousands)**

Current Tuition/No Increase	Actual			Projected		
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
July 1 Balance	\$60,574.7	\$62,541.5	\$68,154.2	\$66,478.2	\$64,044.0	\$60,059.4
Lottery Income	\$34,830.1	\$40,810.5	\$41,007.6	\$41,768.0	\$41,768.0	\$41,768.0
Interest Income	\$3,791.1	\$3,499.7	\$553.3	\$1,329.6	\$1,280.9	\$1,201.2
Current Expenditures	\$36,654.4	\$38,697.5	\$43,236.9	\$45,531.8	\$47,033.5	\$48,256.1
June 30 Balance	\$62,541.5	\$68,154.2	\$66,478.2	\$64,044.0	\$60,059.4	\$54,772.5

**TUITION INCREASED BY 6.0 PERCENT PER YEAR
(In thousands)**

Tuition Increase/6% per Year	Actual			Projected		
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
July 1 Balance	\$60,574.7	\$62,541.5	\$68,154.2	\$66,478.2	\$61,312.1	\$51,459.4
Lottery Income	\$34,830.1	\$40,810.5	\$41,007.6	\$41,768.0	\$41,768.0	\$41,768.0
Interest Income	\$3,791.1	\$3,499.7	\$553.3	\$1,329.6	\$1,226.2	\$1,029.2
Current Expenditures	\$36,654.4	\$38,697.5	\$43,236.9	\$48,263.7	\$52,846.9	\$57,473.7
June 30 Balance	\$62,541.5	\$68,154.2	\$66,478.2	\$61,312.1	\$51,459.4	\$36,782.9

The Legislative Finance Committee's fiscal impact report notes that:

- it is difficult to determine the exact number of individuals who would participate in the lottery program under the new provisions in SB 134;
- veteran status is not recorded in most financial aid office records; and
- if an additional 50-100 veterans receive the lottery scholarship, the projected cost is approximately \$176,000, but this estimate may be modified pending additional information about existing veteran use of the lottery scholarship program.

Substantive Issues:

According to the US Department of Veterans Affairs (USDVA), the time limit to use federal education related benefits may extend up to 15 years depending upon a service member's last discharge or separation. One hundred percent of maximum amount payable for educational services may be received by service members who completed at least 36 months of active duty, or at least 30 continuous days of active duty preceding a discharge due to service-connected disability.

A representative of USDVA noted that, due to social readjustment, many service men and women do not pursue access to benefit programs until approximately six to 12 months after their service discharge.

The Higher Education Department analysis notes that extending the timeline for enrollment from 120 days to one year will increase veterans' access to the Legislative Lottery Scholarship. By covering their tuition, the scholarship allows veterans to expend their federal educational benefits on living expenses.

Background:

Originally enacted in 1996, the Legislative Lottery Scholarship pays 100 percent of the tuition for New Mexico high school graduates (or GED recipients) who want to attend a New Mexico public college or university. The eligibility is determined in the student's first semester. The Legislative Lottery Scholarship is a renewable full-tuition award, which may be received for up to eight consecutive semesters, beginning in the student's second semester in college.

To qualify for the Legislative Lottery Scholarship under current law:

- students must be a New Mexico resident;
- must have graduated from a New Mexico public or accredited private school or have obtained a New Mexico GED;
- 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 and maintain at least a cumulative 2.5 GPA.

For students with disabilities who may require special accommodations, state law specifies that "the higher education department, in consultation with the student and the office at the institution that serves students with disabilities, shall review both the definition of 'full time' and the maximum number of consecutive semesters of eligibility and adjust either or both as deemed reasonable and appropriate, based on the student's disability needs. In no case, however, shall

‘full time’ mean fewer than six credit hours per semester and in no case shall eligibility extend beyond fourteen consecutive semesters.”

In 2007, the Legislature passed SB 687 *Lottery Scholarships for Military Dependents* which enacted a new section of the *Public School Code* to allow a New Mexico resident high school student whose military parents are transferred out of state to receive a New Mexico high school diploma, under certain conditions, and thereby become eligible for state-funded financial aid.

Finally, as noted above, the scholarship may also be awarded to full-time resident students who, within 120 days of completing a high school curriculum at a public or accredited private high school or receiving a GED, begin service in the US armed forces.

Related Bill(s):

SB 21 *Graduate Student Lottery Tuition*

HB 102 *Lottery Scholarships for Tribal Colleges*