

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 02/24/11
 LAST UPDATED 03/17/11 HB 359/aHEC

SPONSOR Roch

SHORT TITLE Lottery Scholarship Recipient Additions SB _____

ANALYST Golebiewski

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	*	*	Recurring	Lottery Scholarship Fund

(Parenthesis () Indicate Revenue Decreases)

* Please See Fiscal Implications

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Higher Education Department (HED)

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 359 defines “home-based educational program” as an academic, instructional program operated by a parent of a school-age person in subjects such as reading, mathematics, social studies, etc. It also requires registration with PED.

Synopsis of Original Bill

House Bill 359 would extend lottery scholarship eligibility to those students who complete a “home-based educational program.” The other eligibility criteria, currently applied to public or accredited private high school graduates and those who have completed a GED, are identical.

FISCAL IMPLICATIONS

According to HED, current scholarships awarded exceed incoming revenue, calling into question the solvency of the Lottery Scholarship Fund. Section E of 21-1-4.3 NMSA 1978 gives HED the authority to prepare guidelines for administration of the legislative scholarship program.

5.7.20.10 NMAC states that “[t]he amount of the award may vary dependent upon the amount of funds received from the lottery tuition fund and the number of eligible recipients...Department staff will, in May annually, notify all eligible postsecondary institutions of the percentage of tuition each scholarship shall provide for the following academic year.”

This means that as the number of eligible applicants increase (and the revenue remains stagnant), HED will eventually have to decrease the percentage of tuition each scholarship will provide. HB 359 makes additional students eligible for the lottery scholarship, which will speed the progression to insolvency and action by HED to decrease the percentage of tuition provided by the scholarship.

There will be no fiscal impact to the state unless additional funding is provided through legislative action.

SIGNIFICANT ISSUES

PED:

- Currently, home-school students must earn a GED to be eligible for the Lottery Scholarship.
- In 2009, Achieve, Inc. compiled the following data for New Mexico to demonstrate the need for higher education:
 - 77% of New Mexico jobs require at least some postsecondary training.
 - 36% of New Mexicans hold an Associate Degree or higher.
- New Mexico’s Lottery Scholarship recipients graduate from college in higher rates than non-recipients:
 - 58% graduate with a Bachelor’s degree within six years;
 - 42% graduate regardless of the Lottery Scholarship (LESC Staff Report, 6/15/2011).
- Nationally, 56% of college students complete a Bachelor’s degree within six years (Alliance for Excellent Education, October 2010).
- PED data on home-based education program (home-school) students is limited to the number reported annually by parents to the PED’s Charter School Division. This year there are 7,128 kindergarten through 12th grade students. Since PED does not regulate the numbers of credits for home schools, it is impossible to tell how many of these students are seniors in high school.
- Home-schools are not accredited. Minimum qualifications in NM include:
 - the home-school must be run by someone with a high school diploma or GED;
 - documentation showing the child is taught at least 180 days out of the year;
 - immunization record or documentation of immunization objection; and
 - notification of PED annually of home-school status.
- Because home-schools are not accredited, the quality and focus of education can vary.
- In informal discussions, home-school parents identify the following reasons for home-schooling their children:
 - religious philosophy and ideology conflicts with other schools
 - concerns about the social environment of other schools
 - belief that the child needs more academic enrichment and life experience than other schools can provide
 - disenfranchisement with the goals and philosophy of other schools
 - desire to spend more time together as a family

HED:

Currently, in order for a home school student to be eligible for the Legislative Lottery Scholarship, he or she must take the GED and pass it (once the student completes the GED process, he or she is reported to NMHED as a GED rather than a home school student). If the student is unable to pass the GED, then he or she will not be eligible to receive the Legislative Lottery Scholarship. As stated previously, the proposed legislation will allow home school students to be eligible for the Legislative Lottery Scholarship without taking any form of standardized testing.

There is very limited information on the academic ability of students who participate in New Mexico's home-based education programs. However, based on public postsecondary data that has been reported to NMHED, it appears that students who participate in home-based educational programs require remediation at a higher rate than that of recent public high school graduates.

Considering the fact that the financial solvency of the Legislative Lottery Scholarship is uncertain, the question remains as to whether or not the Scholarship should be expanded to include those who do not demonstrate an equivalent academic competency to those who graduate from a New Mexico high school or receive a GED. Furthermore, because there are very few accredited home-based educational programs in New Mexico, HB359 may create an unintentional loophole for students who do not graduate from New Mexico high schools, but still wish to receive the Legislative Lottery Scholarship.

Examples of students who might take advantage of such a loop hole include:

- Students who drop out of high school and claim to be part of home-based education program
- Students who were unable to complete the New Mexico public high school graduation requirements
- Out of state students who claim to be part of New Mexico home-based education program

PERFORMANCE IMPLICATIONS

HED:

In order to adequately track the effectiveness of the Lottery Scholarships, institutions of higher education will be required to report additional student enrollment information to NMHED on a semester basis.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to HB 62, HB 92, SB 226, HB 214 and SB 292.

TECHNICAL ISSUES

“Completion of a home-based educational program” should be defined.

JAG/bym:svb