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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/11

SPONSOR Jeff LAST UPDATED \_\_\_\_\_ HB 601

SHORT TITLE Lottery Scholarships at Tribal Colleges SB \_\_\_\_\_

ANALYST Haug

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	(\$638.0)	(\$638.0)	Recurring	General Fund
	\$638.0	\$638.0	Recurring	Legislative Lottery Scholarship Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$40.7	\$40.7	\$81.4	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Indian Affairs Department (IAD)

### SUMMARY

#### Synopsis of Bill

House Bill 601 would require the distribution of one percent of the net receipts of tribal gaming revenue to be made to the lottery tuition fund for Legislative Lottery scholarships for students attending tribal colleges.

### FISCAL IMPLICATIONS

House Bill 601 contains no appropriation. The HED reports:

There are existing concerns regarding the Legislative Lottery Scholarship’s current funding solvency level. Although the exact level of solvency varies due to changes in lottery sales, how the lottery funds are invested and the amount of scholarship awarded to students, currently the expenditures exceed the incoming revenue.

According to the State of New Mexico Gaming Control Board, which monitors the 2001 and 2007 Amended Tribal-State Class III Gaming Compacts signed by fourteen Tribes, the compacting tribes pay revenue sharing and report “Net Win” on a quarterly basis. “Net Win” is the amount wagered on gaming machines, less the amount paid out in cash and non-cash prizes won on the gaming machines, less State and Tribal Regulatory Fees. This revenue is then deposited into the General Fund of the State of New Mexico. The total amount paid to the State Treasurer for revenue sharing by the fourteen tribes for FY10 was \$63.8 million. HB601 would require one percent, or \$638,000, of these revenues to be deposited into the Legislative Lottery Scholarship Fund.

Currently, 27% of undergraduate students who attend four-year postsecondary institutions receive the Legislative Lottery Scholarship. If we were to assume a similar award rate at the tribal institutions, then it is possible that the impact to the Legislative Lottery Scholarship Fund could reach up to \$260,399 annually; however without additional data it is difficult to estimate the true cost precisely.

Institution	Tuition	AY08-09 Enrollment	27% Enrollment	Estimated Lottery Impact
DINE	\$ 360	539	146	\$ 52,391
IAIA	\$ 1,320	332	90	\$ 118,325
NTC	\$ 480	692	187	\$ 89,683
SIPI*	\$ -	799	216	0
				\$ 260,399

\*SIPI does not charge tuition

It should be noted that the \$638,000 1% revenue to the Lottery Scholarship Fund is not restricted to use by Tribal recipients of the Lottery Scholarship. Based on the HED’s estimates above, the Lottery Scholarship revenues would, at least initially, exceed outlays for Tribal recipients of the Lottery Scholarship by approximately \$368,000.

The more significant impact is the redirection of a substantial amount of Gaming Revenue from the General Fund to a specified use for additional Lottery Scholarships.

In addition HED notes it would administer the Legislative Lottery Scholarships directly to the recipient’s Tribal college through the drawdown process currently used by New Mexico’s public postsecondary institutions. However the need for additional data reporting to HED would require at least one FTE to ensure the effective oversight of the program at the Tribal institutions. The mid range cost of one Financial Specialist plus 30% benefits is estimated in the table above.

**SIGNIFICANT ISSUES**

According to the HED:

During the 2008-2009 academic year, there were 16,306 students who have self identified as being an American Indian student at New Mexico’s public postsecondary institutions and there are roughly 2,400 students at New Mexico’s four tribal institutions (source: National Center for Educational Statistics).

New Mexico Tribal Colleges: 12-month Headcount for AY 2008-2009:

Institution Name	12-month headcount total: AY 2008-09
Dine College	*539
Institute of American Indian and Alaska Native Culture	332
Navajo Technical College	692
Southwestern Indian Polytechnic Institute	799
Estimated Total Headcount in NM's Tribal Colleges	*2362

\*Dine headcount is based on an AY2006 figure; request for headcount information from Dine for AY2008 was not received. Total headcount is therefore an estimate.

Southwestern Indian Polytechnic Institute (SIPI) students do not pay tuition because it is federally funded and only accepts students who meet its tribal affiliation criteria. Therefore there is a question on how to handle the Legislative Lottery Scholarship for those who attend SIPI.

Thirty-four percent of the total American Indian population resides on Tribal lands (U.S. Census, 2006). New Mexico’s Tribal colleges are located on or near Tribal land which allows students to attend college in a local environment. Statistics indicate that American Indian students who enroll in Tribal colleges are more likely to graduate than those who attend public colleges or universities. This is due to the support of family, extended family, and a college student population that reflects their culture and identity.

According to a 2005 report on trends of American Indian students published by the National Center for Education Statistics, more than fifty percent of those who transfer from Tribal colleges to four-year public postsecondary institutions do graduate.

The four Tribal colleges have articulation agreements with all of the public postsecondary schools in New Mexico making all coursework fully transferable. The Tribal colleges receive state work-study, state incentive grant, and college affordability funds. The Legislative Lottery Scholarship for tribal colleges will afford New Mexicans who attend a Bureau of Indian Education school the same funding.