

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: CS/HB 27

51st Legislature, 1st Session, 2013

Tracking Number: .192226.2

Short Title: Expand Lottery Scholarship Eligibility

Sponsor(s): Representative Sheryl Williams Stapleton

Analyst: Travis Dulany

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HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR HOUSE BILL 27

Bill Summary:

CS/HB 27 amends state law to extend Legislative Lottery Scholarship eligibility to full-time students who within two years of completion of a high school curriculum or receipt of a graduate equivalent diploma or high school equivalency diploma attend a two-year postsecondary educational or a technical and vocational institution in New Mexico.

The bill further extends eligibility of the Legislative Lottery Scholarship to full-time resident students who within two years of completion of honorable service or medical discharge from the US Armed Forces attend any of the state's public postsecondary educational institutions.

Fiscal Impact:

CS/HB 27 makes no appropriation.

Fiscal Issues:

During the 2011 interim, the LESC heard testimony from Mr. Tom Romero, Chief Executive Officer, New Mexico Lottery Authority (NMLA). Mr. Romero emphasized that net revenues for the scholarship program have increased both in dollars and percentage due to strict fiscal discipline and severe cost-cutting. Mr. Romero explained that steps were taken to stabilize sales, including a new branding campaign, acquisition of 60 new stores, and the launch of a social media strategy to reach younger players. With these measures taken, based on its FY 12 budget, NMLA anticipated flat gross and net revenues over the next several years, with a sales forecast of \$136.4 million and a revenue forecast of \$41.0 million.

According to the NMLA, despite "record returns" over the last five years, New Mexico Lottery revenues have not been sufficient to cover the rising expenditures for student awards. Projections provided by the Department of Finance and Administration indicate that, under current circumstances, the Lottery Tuition Fund may be insolvent as early as FY 14.

According to the original bill analyses from various agencies:

- The Higher Education Department noted that students who delay entry into higher education institutions, and thus delay the use of scholarship funds, may positively affect Lottery Tuition Fund solvency in the short term; however, when these students enter a

postsecondary institution within the two-year period it would then have a negative impact on the solvency of the fund.

- The Fiscal Impact Report from the Legislative Finance Committee further noted that:
 - an average of 25 percent of freshmen who receive the scholarship their spring semester lose the scholarship by their sophomore fall semester, and another 20 percent lose their scholarship before entering their junior year; and
 - the bill may help address some aspects of retention issues by admitting students who are better able to adjust and complete postsecondary work.

Background:

Created by legislation enacted in 1996, the Legislative Lottery Scholarship is a renewable, full-tuition award granted to qualifying students beginning in their second semester at a public postsecondary institution in New Mexico and continuing for seven more consecutive semesters. The scholarship covers the cost of tuition only. Students are responsible for additional educational expenses such as student fees, course materials, and housing.

To qualify for the scholarship a student must:

- be a New Mexico resident;
- have graduated from a New Mexico public or accredited private school or have obtained a New Mexico GED;
- enroll full-time (in at least 12 credit hours) at an eligible New Mexico public college or university, in the first regular semester immediately following high school graduation; and
- obtain and maintain a cumulative GPA of at least 2.5.

State law also provides for specific accommodations with regard to:

- students with disabilities;
- students whose parents are in the military; and
- individuals that either immediately enlist in, or have recently departed from, the US Armed Forces.

Committee Referrals:

HEC/HAFC

Related Bills:

HB 28 *Lottery Scholarships at Tribal Colleges*
HB 309 *Lottery Scholarship Program Solvency*
SB 392 *Lottery Tuition Fund Distributions*
SB 451 *Lottery Scholarship Requirements & Debt*