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## FISCAL IMPACT REPORT

SPONSOR Harper ORIGINAL DATE 2/28/2015  
LAST UPDATED \_\_\_\_\_ HM 93

SHORT TITLE Year-Round Legislative Lottery Scholarship SB \_\_\_\_\_

ANALYST Hartzler

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

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$10.0	\$0	\$10.0		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

New Mexico Independent Community Colleges (NMICC)

### SUMMARY

#### Synopsis of Memorial

HM 93 requires the HED to convene a task force to study the feasibility of having a year-round Legislative Lottery Tuition Scholarship Program (LLTSP). Currently, the program supports college scholarships for fall and spring semesters.

The memorial calls for the task force to compile data reports on the possible effect of a year-round LLTSP on students and whether it increases opportunities to enroll and persist in college and complete college programs more quickly. The memorial requires the task force produce a report and present findings to the Legislature by November 1, 2015.

### FISCAL IMPLICATIONS

In FY16, HM 93 would have a limited fiscal impact on HED, higher education institutions, and other agencies that have staff participate on the task force. Should the task force complete a feasibility study that finds the LLTSP should award tuition scholarships year-round, there may be long-term fiscal impacts to the lottery tuition fund and the scholarship program.

### SIGNIFICANT ISSUES

It takes students a long time to complete their academic programs, frequently more than two or four years for associates and baccalaureate degree programs. For example, for the state's four-year colleges and universities, only 10 percent to 20 percent of students graduate in four years and between 20 percent to 48 percent graduate in six years. The rates are lower for students attending two-year colleges. In Complete College America's 2014 report, *Four-Year Myth: Make College Affordable*, students cite many reasons why program completion takes longer than planned, including academic scheduling, completing more classes than necessary for the program, limited financial aid, or other work or family obligations.

Some states have revised their financial aid programs to help students complete faster. By unifying tuition policy, enrollment requirements, availability of summer school, and financial aid policies, Indiana has experienced an increase in students who complete 15 to 30 credit hours per academic year – and presumably will continue to remain on pace to graduate in four to five years. Student improvement occurred at both two-year and four-year colleges. By allowing students to defer financial aid awards to pay for summer courses and complete their credit requirements over three semesters, more students remain enrolled and academically on-track to complete their programs. (See Indiana Commission for Higher Education, *Reforming Student Financial Aid to Increase College Completion* (January 2015).) A review of New Mexico's largest state-funded financial aid program, and perhaps other programs, to determine feasibility of providing financial aid year-round could lead to improved student outcomes.

Funding the LLSTP is stressed and currently is unable to support scholarships at the average tuition rate for research universities, comprehensive colleges, and two-year colleges. As observed by NMICC, the task force's report may find that adding another scholarship award period could dilute the scholarship level further.

## **PERFORMANCE IMPLICATIONS**

The memorial requires the task force to produce a report and recommendations for consideration by the Legislature. NMICC and UNM note that the review could benefit LLSTP students if scholarship funds could be applied to summer courses, allowing some students to progress and complete sooner.

TH/aml