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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/4/2015

SPONSOR McCamley LAST UPDATED \_\_\_\_\_ HM 112

SHORT TITLE Tuition Scholarship Amounts and Notices 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>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SM 108, Tuition Scholarship Amounts and Notices.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Memorial

House Memorial 112 (HM 112) requests HED to adhere to the statutory requirements of the Legislative Lottery Tuition Scholarship Act, Section 21-21N-4 NMSA 1978, which requires HED

- Determine the total amount of money available for all student scholarships for qualified students,
- Determine the uniform percentage by which to calculate tuition scholarships for qualified students attending any public post-secondary educational institution, and
- Notify all such institutions of the determination by June 1<sup>st</sup> before the new fiscal year begins.

The memorial is to be transmitted to HED and the boards of regents or governing bodies of public post-secondary educational institutions.

### FISCAL IMPLICATIONS

While the memorial does not detail a fiscal impact, the memorial and statutory requirements impact HED's administration of the lottery tuition fund, institutions' ability to determine financial aid packages for students for the coming academic year, and students' ability to plan

their finances for the academic year – including the amount of student debt to be undertaken.

**SIGNIFICANT ISSUES**

In FY14 and prior years, the Legislative Lottery Tuition Scholarship Program (LLTSP) provided scholarship awards of 100 percent of a student’s tuition costs at a public post-secondary institution. For FY15, the program’s awards levels changed to a percentage of a student’s tuition costs. Consistent with Section 21-21N-4 NMSA 1978, the department calculated the average tuition level of an institutional sector. The awards levels for FY15 (academic year 2014-2015) are

	Fall 2014 Average Award	Spring 2015 Average Award
Research Institutions	\$2,575.92	\$2,447.12
Comprehensive Institutions	\$1,570.86	\$1,492.32
Community Colleges	\$643.41	\$611.24

The HED secretary announced the fall 2014 award levels on May 29, 2014 and revised the levels June 25, 2014, and the spring 2015 award levels on December 10, 2014. The department did not meet the statutory requirement to announce full academic year awards by June 1<sup>st</sup>. Announcing awards past this deadline resulted in estimated institutional financial award packages for both semesters of the 2014-2015 academic year. Further, the announced award levels were lower than budgeted by institutions and students. Some institutions applied institutional funds to fund the balance between the announced LLTSP award level and average tuition costs; others were unable to do so. Some students were surprised that final award levels were below estimated levels and were forced to raise additional funds, through work, other aid, or loans.

**PERFORMANCE IMPLICATIONS**

If the department does not adhere to the statutory deadlines, institutions and students are impacted significantly.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HM 112 duplicates SM 108.

**POSSIBLE QUESTIONS**

- What hurdles does the department encounter in completing calculations for full academic year LLTSP awards?
- How does the department calculate average sector awards?
- What specific issues do institutions encounter when the department issues award notifications by June 1<sup>st</sup>? Are these issues magnified if deadline is missed?

TH/bb