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FISCAL IMPACT REPORT

SPONSOR Cadena ORIGINAL DATE 02/09/21
LAST UPDATED 03/02/21 HB 217/aHSEIC/ec
SHORT TITLE Public Health Emergency Lottery Scholarships SB _____
ANALYST Lobaugh

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			See Fiscal Implications		Nonrecurring	Lottery Tuition Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

University of New Mexico (UNM)

New Mexico State University (NMSU)

New Mexico Institute of Mining and Technology (NMT)

SUMMARY

Synopsis of HSEIC Amendment

The House State Government, Elections and Indian Affairs Committee amendment to House Bill 217 added an emergency clause to the bill, meaning HB217 would take effect immediately after enactment by the Legislature and approval by the governor.

Synopsis of Original Bill

HB217 adds language to the state Legislative Lottery Tuition Scholarship Act which allows the Higher Education Department (HED) to modify lottery scholarship eligibility requirements during a public health emergency declared by the governor pursuant to the state Public Health Emergency Act. Specifically, HB217 authorizes the HED cabinet secretary to:

- 1.) Reduce the cumulative college grade point average requirement from a 2.5 to a 2.0 on a 4.0 scale;
- 2.) Reduce the required number of student credit hours (SCH) that a student enrolled at a 4-year higher education institution must take each semester from 15 SCH to 12 SCH;
- 3.) Reduce the required number of SCH that a student enrolled at a 2-year higher education institution must take from 12 SCH to 9 SCH;

- 4.) Prevent semesters that occur during a public health emergency from counting towards each student’s seven program semesters of lottery scholarships; and
- 5.) Allow an otherwise qualified student who failed to complete a semester during a public health emergency to not lose one of their seven program semesters of lottery scholarships.

HB217 does not have an emergency clause or specified effective date, meaning HB217 would take effect 90 days after the adjournment of the Legislature (NM Constitution, Article IV, Section 23).

FISCAL IMPLICATIONS

HB217 does not include an appropriation. HB217 would not affect the amount of money in the state lottery tuition fund during a public health emergency or otherwise.

If the overall number of students eligible for the legislative lottery scholarship increased during a public health emergency because of the changes in HB217, then HB217 could potentially reduce the lottery scholarship award amount that each student receives from the lottery tuition fund.

In March 2020, HED issued guidance to financial aid officers at public higher education institutions and tribal colleges to use broad, appropriate discretion to make accommodations to students impacted by the current public health emergency. HED reports that “[a]t this time, the additional accommodations made to students through the [department’s] authority under 5.7.20 NMAC have not impacted the Lottery Tuition Fund.” HED also reports that lottery scholarship reimbursement requests have been consistent with the department’s projections for the Spring 2020 and Fall 2020 semesters. Data for the Spring 2021 semester are currently unavailable.

SIGNIFICANT ISSUES

HED administrative rules allow students with “exceptional mitigating circumstances” to document circumstances that may have affected their eligibility for the legislative lottery scholarship (Section 5.7.20.8 NMAC). If a higher education institution’s lead financial aid officer determines the exceptional mitigating circumstances to be valid, then the student’s legislative lottery scholarship eligibility may be reinstated.

In response to the COVID-19 public health emergency, HED issued guidance to financial aid officers at public higher education institutions and tribal colleges in March 2020 to use broad, appropriate discretion to make accommodations to students impacted by the current emergency.

ADMINISTRATIVE IMPLICATIONS

HB217 would allow HED to reduce lottery scholarship eligibility requirements during a public health emergency, which would reduce the need for students to report exceptional mitigating circumstances to higher education financial aid officers.

HED would need to update its administrative rules related to the legislative lottery scholarship to align with the provisions of HB217.

OTHER SUBSTANTIVE ISSUES

Students are required to meet enrollment and grade point average requirements during their first (qualifying) semester before they can subsequently receive the lottery scholarship for up to seven program semesters. During students' initial qualifying semester, students are often supported by other institutionally-funded financial aid programs which can sometimes have different requirements than the legislative lottery scholarship.

CSL/rl