

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)).

## FISCAL IMPACT REPORT

SPONSOR Pirtle ORIGINAL DATE 2/9/2021  
 LAST UPDATED 3/5/2021 HB \_\_\_\_\_

SHORT TITLE Lottery for Home School Students SB 234/aSEC

ANALYST Rowberry

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

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications			Recurring	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)  
 Santa Fe Community College (SFCC)  
 Council of University Presidents (CUP)  
 New Mexico Independent Community Colleges (NMICC)

#### No Response Received

Central New Mexico Community College (CNM)  
 New Mexico Junior College (NMJC)

### SUMMARY

#### Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 234 removes the striking of the phrase “or accredited private New Mexico [high school]” in the definition of “qualified student.”

#### Synopsis of Original Bill

Senate Bill 234 (SB234) amends the definition of “qualified student” in Section, 21-21N-2 NMSA 1978, the Legislative Lottery Tuition Scholarship Act. The bill expands the current definition of qualified students eligible for the scholarship from students who graduated from New Mexico public high schools, New Mexico accredited private high schools, or earned a high school

equivalency credential while being a New Mexico resident to also include students who “completed home-based or non-public school primary education programs.” The bill strikes the eligibility category of students who attended “accredited private New Mexico” high schools, presumably because these students would qualify under the expanded “non-public school primary education” category.

## **FISCAL IMPLICATIONS**

SB234 does not make an appropriation. The bill would not increase the revenues into the lottery tuition fund.

The fiscal impact of the bill is anticipated to be minimal. It is undetermined how many additional (new) New Mexico homeschool students would ultimately receive the lottery scholarship because postsecondary matriculation trends of New Mexico homeschool students are unknown. Additionally, a portion of New Mexico homeschool students, those who earn a high school equivalency credential, are already reflected in current lottery scholarship recipients.

Additional homeschool lottery scholarship recipients are possible if the removal of the high school equivalency credential incentivizes New Mexico homeschool students to enroll in in-state public postsecondary institutions. Presumably these students would otherwise pursue postsecondary education out-of-state or not attend a postsecondary institution. LFC staff assumes any increase to homeschool lottery scholarship recipients due to these reasons to be minimal.

Any increased participation in the lottery scholarship would be absorbed by lowering the amount of scholarship provided each year. HED stated the lottery scholarship award (tuition-decoupled) amount for FY21 is \$2,265 for students entering and retained in research institutions (UNM, NMSU, NM Tech).

## **SIGNIFICANT ISSUES**

HED reports that,

Under current law a New Mexico student who is home-schooled may qualify for the Legislative Lottery Scholarship in one of the following ways:

- **New Mexico Diploma:** The student transfers to public school prior to graduation and completes the state’s graduation requirements for a New Mexico high school diploma. For purposes of transferring to a public school, acceptance of credits earned through home study courses is determined by the policy of the local school board or the governing council of a charter school.
- Starting at age 16, pass the GED or other approved high school equivalency credential.

Upon completion of one of the above, the student must enroll pursuant to the requirements of the Lottery Scholarship statutes to begin their qualifying semester of scholarship eligibility.

The changes proposed in SB234 would remove the requirement of transfer/graduation or obtaining a high school equivalency credential prior to matriculating to a public postsecondary institution. Institutions with open enrollment policies could admit these

students without a diploma or other credential. However, institutions that have restricted enrollment policies may still disallow the matriculation of homeschooled students.

Because homeschool programs are not accredited or endorsed by any state agency, the removal of the graduation requirement could impact student preparedness for college-level coursework. Moreover, the language changes in SB234 removes the accreditation requirement for private New Mexico high schools when defining a student who qualifies for the Legislative Lottery Scholarship. NMPED maintains a list of approved accreditors for private secondary schools and requires parents to register with the NMPED as a home school to ensure compliance with compulsory attendance laws.

HED is aware of at least one business in New Mexico which advertises itself as a “home school” and issues diplomas without securing accreditation by a NMPED-approved accreditor or satisfying the compulsory attendance reporting requirements for its students. Some graduates of these programs have encountered difficulty in qualifying for state and federal financial aid due to the questionable validity of their diplomas.

UNM notes the bill would be an incentive for New Mexico residents pursuing postsecondary education for the first time, and who did not graduate from a public high school or receive a high school equivalency credential, to remain in the state rather than looking for alternatives at colleges and universities in other states because of more attractive aid packages.

Also reported by UNM is that the legislative scholarship fund is currently underfunded, which means, if additional resources are going to substantial numbers of students not previously eligible, it will place a greater strain on the fund and, if additional resources are not put into the fund, reduce the amounts that all students receive.

### **ADMINISTRATIVE IMPLICATIONS**

UNM and NMSU state the established process and management of the lottery scholarship are sufficient and not expected to require additional resources.

Santa Fe Community College notes there will need to be a verification process to ensure a student has completed a home school program. SFCC states this verification could be done by the college with minimal administrative impact or through PED.

### **TECHNICAL ISSUES**

NMSU suggests striking language on page 2, lines 10 through 15, as there is no longer a “legacy student” category.

### **OTHER SUBSTANTIVE ISSUES**

HED notes the following requirements for a home school in New Mexico:

22-1-2.1 NMSA. Home school; requirements.

Any person operating or intending to operate a home school shall:

A. within thirty days of its establishment, notify the state superintendent [secretary] of the establishment of a home school within thirty days of its establishment and notify the state

superintendent in writing on or before April 1 of each subsequent year of operation of the school district from which the home school is drawing students;

- B. maintain records of student disease immunization or a waiver of that requirement; and
- C. provide instruction by a person possessing at least a high school diploma or its equivalent.

Currently, New Mexico does not have a mechanism through Section 22-1-2.1 NMSA 1978 that outlines a prescriptive academic course of study. The only requirements for homeschoolers are as stated above. Per the NMPED, New Mexico does not currently recognize any national accreditors for home-based educational programs.

UNM suggests the consideration of adding an eligibility requirement for the legislative lottery scholarship to include completing of the Free Application for Federal Student Aid (FAFSA). In recent years, between 50 percent and 60 percent of New Mexico high school seniors completed it. This requirement would help ensure all federal and state aid the student is eligible for and entitled to is applied.

#### **RELATED BILLS**

HB101 NM Lottery Ed Assistance Act  
HB217 Public Health Emergency Lottery Scholarships  
SB135 Opportunity Scholarship Act

JR/sb