
Senate Lottery Stabilization Task Force

Potential
Lottery Scholarship
Cost Savings Options

October 2011

Lottery Scholarship Cost Savings Options

Policy Option	Cost Savings Options (grouped by Philosophy)	Page Number
	Summary Table	p. 2
	Options that reduce the number of students eligible for scholarships:	p. 3
	I.) <u>Options that combine ACT and high school GPA for eligibility:</u>	
1	A.) Require ACT (21) AND high school GPA (3.0) for initial eligibility	p. 4
2	B.) Require ACT and GPA for initial eligibility IF attended 4-year institutions	p. 5
3	C.) Require ACT (19) and high school GPA (3.0) for initial eligibility	p. 6
	II.) <u>Options that change the current eligibility criteria:</u>	
4	A.) Increase initial eligibility requirement to ACT 22 or HSGPA 3.1 in Year 1 . In Year 2 , increase to ACT 23 or HSGPA 3.25.	p. 7
5	B.) Require GPA only for initial eligibility for Hope and Aspire programs.	p. 8
	III.) <u>Options that Limit students based on Adjusted Gross Income:</u>	
6	A.) Place the Income Cap for TELS recipients at \$100K/\$150K/\$200K.	p. 9
	Options that reduce the lottery scholarship award amount:	p. 10
	IV.) <u>Pro Rata adjustments:</u>	
7	A.) Pro Rata adjustment across the board (HOPE, GAMS, ASPIRE, Access, and W-N).	p. 11
	V.) <u>Reduce award for Freshmen and Sophomores.</u>	
8	A.) Keep the maximum award amount for CC students at \$2,000; reduce it to \$3,000 for Freshmen & Sophomores at 4-year universities	p. 12
9	B.) Keep the maximum award amount for CC students at \$2,000; reduce it to \$3,000 for Freshmen & Sophomores & increase to \$5,000 for Juniors and above at 4-year	p. 13
10	C.) Award Amount for Freshmen & Sophomore at 4-yr and all 2-yr students--> \$3,000 . Jr. & Sr. and above at 4-year--> \$4,000	p. 14
	Other Options:	p. 15
11	VI.) Require satisfactory performance in First Semester of college in order to receive scholarships (remove the initial eligibility criteria).	p. 16
12	VII.) Repeal the Energy Efficient Schools Initiative of 2008 and transfer all the remaining funds in the Energy Efficient Schools Council Fund to the Lottery for Education Account	p. 17
	Appendix A	p. 18

Table 1:

	Retention/Renewal		Graduation	
	2 nd Year Retention Rate	2 nd Year Renewal Rate	5-yr Grad. Rate	5-yr Grad. Rate on Scholarship
<i>Most Recent Cohort</i>	74%	54%	51%	36%
Policy Option				
1	78%	65%	60%	45%
2	77%	57%	54%	46%
3	77%	61%	58%	42%
4	74%	56%	54%	38%
5	76%	58%	55%	36%
6	73%	53%	45%	30%
7	74%	54%	51%	36%
8	74%	54%	51%	36%
9	74%	54%	51%	36%
10	74%	54%	51%	36%
11	93%	72%	59%	55%
12	N/A	N/A	N/A	N/A

Table 2:

	Race	Income			System			
	African American	Low-Income (\$36k or less)	Mid-Income (\$36K – 72K)	High Income (Over \$72K)	TBR CC	TBR Univ.	UT	TICUA
Most Recent Cohort	12%	30%	27%	43%	21%	36%	26%	17%
Policy Option								
1	18%	22%	35%	43%	33%	40%	16%	11%
2	23%	21%	33%	46%	N/A	60%	16%	24%
3	19%	29%	31%	40%	34%	40%	15%	11%
4	17%	21%	36%	43%	34%	41%	15%	10%
5	12%	20%	31%	49%	27%	44%	18%	11%
6	5%	0%	0%	100%	7%	25%	48%	20%
7	12%	30%	27%	43%	21%	36%	26%	17%
8	13%	26%	26%	48%	N/A	46%	34%	20%
9	13%	26%	26%	48%	N/A	46%	34%	20%
10	13%	26%	26%	48%	N/A	46%	34%	20%
11	15%	30%	26%	44%	22%	36%	22%	20%
12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Options that Reduce the Number of Eligible Students

The scenarios in this section provide cost savings by reducing the number of students that would be eligible for the lottery scholarships. These scenarios are broken into three sub-categories: 1) Options that require students to meet **both** the ACT high school GPA requirements for eligibility, 2) Options that modify current eligibility requirements, and 3) An option that limits eligibility based on adjusted gross income. All of the scenarios **may** result in fewer students enrolling in college, which **may** in turn reduce the number of graduates. However, these scenarios will increase the percentage of students that graduate with a lottery scholarship intact.

Policy Option 1

Require ACT (21) and HS GPA (3.0) for initial eligibility for HOPE and ASPIRE

1st Year Savings: \$33 M

Annual Savings: \$62 M

Scholarship Programs' Enrollment Affected by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	N/A	GAIN	N/A

KEY POINTS

- Requires satisfaction of BOTH eligibility criteria for scholarship
- Year 1: 7,841 (32%) fewer HS grads would have qualified in 2010
- Middle-income and African American students would be disproportionately affected
- Over 70% of students losing scholarship eligibility would have traditionally attended TBR institutions
- No increase in the number of graduates; however, a greater percentage of recipients would graduate with TELS

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Students still eligible (Hope & ASPIRE)	13259	78% (10326)	65% (8424)	10481	60% (6285)	45% (4735)
Students that would lose scholarship (HOPE & ASPIRE)	8123	66% (5336)	37%* (2971)	6377	36% (2283)	18%* (1125)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	18%	12%
Other	6%	6%
Unknown	6%	6%
White	70%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	6%	8%
12K - 24K	9%	11%
24K - 36K	7%	11%
36K - 48K	13%	9%
48K - 60K	11%	9%
60K - 72K	11%	9%
72K - 84K	9%	8%
84K - 96K	8%	7%
above 96000	26%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	33%	21%
TBR Univ.	40%	36%
TICUA	11%	17%
UT	16%	26%
Total	100%	100%

Policy Option 2:

Require ACT and HS GPA for initial eligibility for HOPE and ASPIRE at 4-yr institutions

1st Year Savings: \$13 M*

Annual Savings: \$20 M*

*Mid & High Estimates of 1st Year and Annual Cost savings can be found in Appendix A

Scholarship Programs' Enrollment Affected by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	N/A	GAIN	N/A

KEY POINTS

- Eligibility requirements at 2-year colleges would remain unchanged
- Year 1: 5,257 (22%) fewer HS grads would have qualified for TELS at 4-year institutions in 2010 (the estimate assumes all of these students will shift to 2-year institutions going forward)
- African American students and students that traditionally attend TBR universities would be disproportionately affected
- No increase in number of grads; however, a greater percentage of recipients would graduate with TELS at universities

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Students still eligible at 4-yr (HOPE & ASPIRE)	12156	77% (9322)	63% (7646)	9934	59% (5891)	54% (5339)
Students that would lose scholarship at 4-yr institutions (HOPE & ASPIRE)	5356	64% (3452)	37%* (1959)	4489	37% (1672)	18%* (807)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible at 4-year institutions by Race

Race	Policy Option	2010 FTF
Black	23%	12%
Other	6%	6%
Unknown	6%	6%
White	65%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible at 4-year institutions by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	6%	8%
12K - 24K	8%	11%
24K - 36K	7%	11%
36K - 48K	13%	9%
48K - 60K	10%	9%
60K - 72K	10%	9%
72K - 84K	9%	8%
84K - 96K	8%	7%
above 96000	29%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible at 4-year institutions by System

System	Policy Option	2010 FTF
TBR	60%	45%
Univ.	16%	21%
TICUA	24%	33%
UT	100%	100%
Total	100%	100%

Policy Option 3:

Require ACT (19) and GPA (3.0) for initial eligibility for HOPE and ASPIRE

1st Year Savings: \$22 M

Annual Savings: \$41 M

Scholarship Programs' Enrollment Affected by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	N/A	GAIN	N/A

KEY POINTS

- Requires both ACT and HS GPA, but lowers ACT requirement (19)
- Year 1: 5,620 (23%) fewer HS grads would have qualified in 2010
- African American and community college students would be disproportionately affected
- About 75% of students losing scholarship eligibility would have traditionally attended TBR institutions
- No increase in the number of graduates; however, a greater percentage of recipients would graduate with TELS

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Students still eligible (HOPE & ASPIRE)	16308	77% (12561)	61% (9947)	13082	58% (7526)	42% (5439)
Students that would lose scholarship (HOPE & ASPIRE)	6010	62% (3736)	31%* (1860)	6377	22% (1388)	10%* (613)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	19%	12%
Other	6%	6%
Unknown	7%	6%
White	68%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	8%	8%
12K - 24K	11%	11%
24K - 36K	10%	11%
36K - 48K	11%	9%
48K - 60K	10%	9%
60K - 72K	10%	9%
72K - 84K	8%	8%
84K - 96K	7%	7%
above 96000	25%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	34%	21%
TBR Univ.	40%	36%
TICUA	11%	17%
UT	15%	26%
Total	100%	100%

Policy Option 4:

Incrementally increase ACT and HS GPA for eligibility.
Year 1: 3.1 HS GPA or 22 ACT
Year 2: 3.25 HS GPA or 23 ACT

1st Year Savings: \$7 M

Annual Savings: \$25 M

Scholarship Programs' Enrollment Affected
by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	N/A	GAIN	N/A

KEY POINTS

- Year 1: 1,782 (7%) fewer HS grads would have qualified in 2010.
Year 2: 3,501 (14%)
- Middle-income and African American students would be disproportionately affected
- About 75% of students losing scholarship eligibility traditionally would have attended TBR institutions
- No increase in the number of graduates; however, a greater percentage of recipients would graduate with TELS

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Students still eligible (HOPE & ASPIRE)	19523	74% (14487)	56% (10966)	14821	54% (7970)	38% (5641)
Students that would lose scholarship (HOPE & ASPIRE)	3501	64% (2236)	30%* (1060)	3494	32% (1124)	14%* (502)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	17%	12%
Other	5%	6%
Unknown	7%	6%
White	71%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	6%	8%
12K - 24K	8%	11%
24K - 36K	7%	11%
36K - 48K	13%	9%
48K - 60K	12%	9%
60K - 72K	11%	9%
72K - 84K	9%	8%
84K - 96K	9%	7%
above 96000	25%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	34%	21%
TBR Univ.	41%	36%
TICUA	10%	17%
UT	15%	26%
Total	100%	100%

Policy Option 5:

No longer allow students to qualify for HOPE or ASPIRE on ACT alone

1st Year Savings: \$10 M
Annual Savings: \$17 M

Scholarship Programs' Enrollment Affected by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	N/A	GAIN	N/A

KEY POINTS

- Lowers costs to State b/c of low renewal rates of ACT-only qualifiers
- 2,653 (11%) fewer HS grads would have qualified for TELS in 2010
- These students have the lowest retention and graduation rates compared to students that qualified on other criteria
- Students that traditionally attend TBR institutions would be disproportionately affected.
- No increase in the number of graduates; however, a greater percentage of recipients would graduate with TELS

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
HOPE & ASPIRE First-time Freshmen (FTF)	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
HSGPA & ACT	13259	78% (10326)	64% (8424)	10481	60% (6285)	45% (4375)
HSGPA Only	5949	73% (4352)	45% (2694)	4460	43% (1907)	23% (1032)
ACT Only	2512	52% (1310)	20%* (524)	2268	26% (582)	10%* (234)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	12%	12%
Other	6%	6%
Unknown	7%	6%
White	75%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	5%	8%
12K - 24K	8%	11%
24K - 36K	7%	11%
36K - 48K	11%	9%
48K - 60K	10%	9%
60K - 72K	10%	9%
72K - 84K	9%	8%
84K - 96K	8%	7%
above 96000	32%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	27%	21%
TBR Univ.	44%	36%
TICUA	11%	17%
UT	18%	26%
Total	100%	100%

Policy Option 6:

**Income cap of \$150k :
Students with adjusted gross
income of \$150k or more
would no longer be eligible**

1st Year Savings: \$ 8 M

Annual Savings: \$26 M

Scholarship Programs' Enrollment Affected by Loss or Gain of Students

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	N/A	LOSS	N/A	N/A

KEY POINTS

- 2,206 (9%) fewer HS grads would have qualified in 2010
- Caucasian and high income students would be disproportionately affected
- Nearly 50% of students losing eligibility have traditionally attended UT institutions, and over 90% have traditionally attended 4-yr institutions
- A smaller percentage of recipients would graduate with TELS intact
- Income cap could be adjusted to generate desired savings

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Students still eligible	22183	73% (16200)	53% (11693)	17846	45% (7969)	30% (5362)
Students that would lose scholarship	2475	79% (1952)	67%* (1654)	1961	57% (1125)	40%* (781)

* Based on historical academic performance – if this policy is adopted these students will not have a graduation or renewal rate on TELS.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	5%	12%
Other	4%	6%
Unknown	5%	6%
White	86%	76%
Total	100%	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	0%	8%
12K - 24K	0%	11%
24K - 36K	0%	11%
36K - 48K	0%	9%
48K - 60K	0%	9%
60K - 72K	0%	9%
72K - 84K	0%	8%
84K - 96K	0%	7%
above 96000	100%	28%
Total	100%	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	7%	21%
TBR Univ.	25%	36%
TICUA	20%	17%
UT	48%	26%
Total	100%	100%

Options that Reduce the Lottery Scholarship Award Amount

The scenarios in this section provide cost savings by reducing the award amount for all or some lottery recipients. These scenarios are broken into two sub-categories: 1) A Pro Rata Adjustment (a flat percentage reduction across the board), and 2) Options that reduce the award amount for freshmen and sophomores at four-year institutions, where the majority of lottery scholarship recipients enroll and the majority of lottery scholarship losses are incurred. All of the scenarios **may** result in fewer students enrolling in college, which **may** in turn reduce the number of graduates.

Policy Option 7:

Pro rata adjustment across the board

1% Cut: \$2.4 M Annual

10% Cut: \$24 M Annual

Scholarship Programs' Enrollment Affected
by Loss of Dollars

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	LOSS	LOSS	N/A

KEY POINTS

- Adjustment applies to the base award only (stipends not affected)
- Rate could be adjusted to achieve needed cost savings
- Scholarship expenditures could be tied to previous year's revenues to help mitigate deficit problem
- All students will experience same percentage reduction in base award; regardless of need or academic performance

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	1st-Year Retention Rate	1st-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Policy	24658	74%	54%	19807	51%	36%

* Assumes these rates will remain the same, even though reducing the scholarship may impact retention and graduation.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	N/A	12%
Other	N/A	6%
Unknown	N/A	6%
White	N/A	76%
Total	N/A	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	N/A	8%
12K - 24K	N/A	11%
24K - 36K	N/A	11%
36K - 48K	N/A	9%
48K - 60K	N/A	9%
60K - 72K	N/A	9%
72K - 84K	N/A	8%
84K - 96K	N/A	7%
above 96000	N/A	28%
Total	N/A	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	N/A	21%
TBR Univ.	N/A	36%
TICUA	N/A	17%
UT	N/A	26%
Total	N/A	100%

Policy Option 8:

Reduce base award for freshmen and sophomores at 4-yr institutions to \$3,000

1st Year Savings: \$22 M
Annual Savings: \$33 M

Scholarship Programs' Enrollment Affected
by Loss of Dollars

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	LOSS	LOSS	N/A

KEY POINTS

- Policy reduces expenditures on students at 4-year institutions during their first two years, when only about half the students keep the scholarship
- May encourage students to attend community colleges where scholarship would cover a greater percentage of tuition and fees

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Renewal Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Policy*	24658	74%	54%	19807	51%	36%

* Assumes these rates will remain the same, even though reducing the scholarship may impact retention and graduation.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would be affected by Race

Race	Policy Option	2010 FTF
Black	13%	12%
Other	6%	6%
Unknown	4%	6%
White	77%	76%
Total	100%	100%

INCOME

Distribution of students that would be affected by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	7%	8%
12K - 24K	9%	11%
24K - 36K	10%	11%
36K - 48K	9%	9%
48K - 60K	9%	9%
60K - 72K	8%	9%
72K - 84K	8%	8%
84K - 96K	8%	7%
above 96000	32%	28%
Total	100%	100%

SYSTEM

Distribution of students that would be affected by System

System	Policy Option	2010 FTF
TBR	46%	45%
Univ.	20%	21%
TICUA	34%	34%
UT	100%	100%
Total	100%	100%

*Shifts between sectors due to policy are unknown

Policy Option 9:

Reduce base award for freshmen & sophomores at 4-yr institutions to \$3,000, and increase award to \$5,000 for juniors & seniors

1st Year Savings: \$1.5 M
Annual Savings: \$13 M

Scholarship Programs' Enrollment Affected
by Loss of Dollars

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	LOSS	LOSS	N/A

KEY POINTS

- Policy reduces expenditures on students at 4-year institutions in their first two years, but raises it for Juniors and Seniors, encouraging persistence
- Could lower number of students enrolling and graduating at 4-year institutions
- May encourage students to attend community colleges and then transfer to 4-year institutions, at a cost savings to students and the State

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Renewal Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Policy*	24658	74%	54%	19807	51%	36%

* Assumes these rates will remain the same, even though reducing the scholarship will likely impact retention and graduation.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would be affected by Race

Race	Policy Option	2010 FTF
Black	13%	12%
Other	6%	6%
Unknown	4%	6%
White	77%	76%
Total	100%	100%

INCOME

Distribution of students that would be affected by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	7%	8%
12K - 24K	9%	11%
24K - 36K	10%	11%
36K - 48K	9%	9%
48K - 60K	9%	9%
60K - 72K	8%	9%
72K - 84K	8%	8%
84K - 96K	8%	7%
above 96000	32%	28%
Total	100%	100%

SYSTEM

Distribution of students that would be affected by System

System	Policy Option	2010 FTF
TBR	46%	45%
Univ.	20%	21%
TICUA	34%	34%
UT	100%	100%
Total	100%	100%

*Shifts between sectors due to policy are unknown

Policy Option 10:

Reduce base award for freshmen & sophomores at 4-yr institutions to \$3,000, and increase award to \$3,000 for students at 2-yr institutions

1st Year Savings: \$15 M

Annual Savings: \$23 M

Scholarship Programs' Enrollment Affected
by Loss of Dollars

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
LOSS	LOSS	LOSS	LOSS	N/A

KEY POINTS

- Policy reduces expenditures on students at 4-year institutions in their first two years, where majority of dollars are lost in non-renewal, but increases expenditures by \$1,000 at community colleges
- May encourage students to attend community colleges and then transfer to 4-year institutions, at a cost savings to students and the State

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Renewal Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Policy*	24658	74%	54%	19807	51%	36%

* Assumes these rates will remain the same, even though reducing the scholarship will likely impact retention and graduation.

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would be affected by Race

Race	Policy Option	2010 FTF
Black	13%	12%
Other	6%	6%
Unknown	4%	6%
White	77%	76%
Total	100%	100%

INCOME

Distribution of students that would be affected by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	7%	8%
12K - 24K	9%	11%
24K - 36K	10%	11%
36K - 48K	9%	9%
48K - 60K	9%	9%
60K - 72K	8%	9%
72K - 84K	8%	8%
84K - 96K	8%	7%
above 96000	32%	28%
Total	100%	100%

SYSTEM

Distribution of students that would be affected by System

System	Policy Option	2010 FTF
TBR	46%	45%
Univ.	20%	21%
TICUA	34%	34%
UT	100%	100%
Total	100%	100%

*Shifts between sectors due to policy are unknown

Other Options

The two scenarios in this section provide cost savings by: 1) Requiring satisfactory performance in college before receiving the scholarship, and 2) Recapturing the unused funds from the Energy Efficient Schools Initiative of 2008. The first scenario will result in a greater number and percentage of graduates on lottery scholarships. The second scenario captures one-time savings to help replace the funds expended as a result of allowing students to use lottery scholarships in the summer.

Policy Option 11:

Require satisfactory performance in first semester of college (2.75 GPA) to be eligible. To renew must maintain 2.75 GPA.

1st Year Savings: \$34 M

Annual Savings: \$19 M

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
KEPT	KEPT	Eliminated	Eliminated	NEED

KEY POINTS

- Based on New Mexico's lottery scholarship program
- Renewal criteria unaffected
- 6,648 (27%) fewer HS grads would have qualified in 2009
- Cost savings estimates account for reimbursing students that qualify for scholarship for their first semester
- African American Students would be disproportionately affected.
- Increase in the number and percentage of graduates on TELS

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Retention Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Eligible Students Under Policy Option*	18010	93% (16792)	72% (12950)	14866	59% (8830)	55% (8189)

*TICUA numbers were projected using IPEDS migration survey, and TICUA retention and graduation rates were assumed to be five percentage points higher than the public 4-year average

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would no longer be eligible by Race

Race	Policy Option	2010 FTF
Black	15%	12%
Other	5%	6%
Unknown	3%	6%
White	77%	76%
Total	100%	100%

*Assumes students from TICUA that did not return in fall did not meet criteria

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	8%	8%
12K - 24K	10%	11%
24K - 36K	12%	11%
36K - 48K	8%	9%
48K - 60K	9%	9%
60K - 72K	9%	9%
72K - 84K	9%	8%
84K - 96K	7%	7%
above 96000	28%	28%
Total	100%	100%

*Assumes students from TICUA that did not return in fall did not meet criteria

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	22%	21%
TBR Univ.	36%	36%
TICUA	20%	17%
UT	22%	26%
Total	100%	100%

*TICUA counts are estimates

Policy Option 12:

**Repeal Energy Efficient
Schools initiative of 2008 and
transfer remaining funds to
Lottery for Education Account**

1st Year Savings: \$48 M

Annual Savings: \$2 M

Scholarship Programs' Enrollment Affected
by Loss of Dollars

HOPE	ASPIRE	GAMS	ACCESS	STIPENDS
N/A	N/A	N/A	N/A	N/A

KEY POINTS

- This policy option would be a one-time savings option (although the resulting increase to the reserve account would generate about \$2 M in interest annually)
- Would have no direct effect on enrollment or graduation
- Could help offset money spent from the Lottery for Education Account on summer school bill

Impact of Policy on Retention & Graduation Rates

	Retention			Graduation		
	Fall 2009 FTF Cohort	2nd-Year Renewal Rate	2nd-Year Renewal Rate w/ TELS Intact	Fall 2005 FTF Cohort	5-yr Grad. Rate	5-yr Grad. Rate w/ TELS Intact
All TELS First-Time Freshmen (FTF)	24658	74% (18152)	54% (13347)	19807	51% (10161)	36% (7069)
Policy	N/A	N/A	N/A	N/A	N/A	N/A

Impact of Policy on Racial, Income, and Sector Distributions

RACE

Distribution of students that would not be eligible by Race

Race	Policy Option	2010 FTF
Black	N/A	12%
Other	N/A	6%
Unknown	N/A	6%
White	N/A	76%
Total	N/A	100%

INCOME

Distribution of students that would no longer be eligible by Income (AGI)

AGI	Policy Option	2010 FTF
\$12K or less	N/A	8%
12K - 24K	N/A	11%
24K - 36K	N/A	11%
36K - 48K	N/A	9%
48K - 60K	N/A	9%
60K - 72K	N/A	9%
72K - 84K	N/A	8%
84K - 96K	N/A	7%
above 96000	N/A	28%
Total	N/A	100%

SYSTEM

Distribution of students that would no longer be eligible by System

System	Policy Option	2010 FTF
TBR CC	N/A	21%
TBR Univ.	N/A	36%
TICUA	N/A	17%
UT	N/A	26%
Total	N/A	100%

Appendix A

Policy Option 2:

Range of 1st year and annual cost savings estimates

Cost Savings	Low	Medium	High
	<i>Assumes all students losing eligibility at 4-yr institutions as a result of the policy will attend community colleges (on scholarship)</i>	<i>Assumes 50% of students losing eligibility at 4-yr institutions as a result of the policy will attend community colleges (on scholarship)</i>	<i>Assumes NONE of the students losing eligibility at 4-yr institutions as a result of the policy will attend community colleges (on scholarship)</i>
1 st Year	\$13 M*	\$19 M	\$26 M
Annual	\$20 M*	\$39 M	\$50 M

**Same estimates as presented on page 5*