

HB 642-FN – AS INTRODUCED

2013 SESSION

13-0317
04/03

HOUSE BILL

642-FN

AN ACT

establishing a scholarship program for certain New Hampshire residents interested in attending a postsecondary educational institution in the university system of New Hampshire.

SPONSORS:

Rep. Elliott, Rock 8; Rep. Azarian, Rock 8

COMMITTEE:

Education

ANALYSIS

This bill establishes the New Hampshire scholars program for certain high school students who are residents of New Hampshire.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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1 moneys deposited pursuant to RSA 78:32 and any other sums appropriated for such purpose. In
2 addition, the university system of New Hampshire board of trustees may accept public sector and
3 private sector grants, gifts, or donations of any kind for the purpose of funding the provisions of this
4 chapter. The moneys in this fund shall be nonlapsing and shall be continually appropriated to the
5 university of New Hampshire system board of trustees for the purposes of this chapter. The fund
6 may be expended by the university system of New Hampshire board of trustees to award partial
7 scholarships to selected students in accordance with this chapter. The state treasurer may invest
8 moneys in the fund as provided by law, with interest received on such investment credited to the
9 fund.

10 200-N:4 Rulemaking. The university system board of trustees shall adopt rules, pursuant to
11 RSA 541-A, relative to the following:

12 I. Instituting a scholarship application process, which includes but is not limited to
13 requiring that all applicants complete a formal scholarship application on appropriate forms to be
14 developed by the board of trustees and time frames for the application process.

15 II. Procedures for awarding and disbursing scholarships.

16 III. Procedures for determining the amount of funds available to provide annual
17 scholarships.

18 3 New Subparagraph; Application of Receipts; New Hampshire Scholars Fund. Amend
19 RSA 6:12, I(b) by inserting after subparagraph (310) the following new subparagraph:

20 (311) Moneys deposited in the New Hampshire scholars fund established in
21 RSA 200-N:3.

22 4 Tobacco Tax; Distribution of Funds. Amend RSA 78:32 to read as follows:

23 78:32 Distribution of Funds.

24 I. The commissioner shall determine the additional amount of revenue produced by any
25 additional tax in excess of \$1.00 for each package containing 20 cigarettes or at a rate proportional to
26 such rate for packages containing more or less than 20 cigarettes, on all tobacco products sold at
27 retail in this state imposed by RSA 78:7 and shall certify such amount to the state treasurer by
28 October 1 of each year for deposit in the [~~education trust fund established by RSA 198:39~~]
29 ***New Hampshire scholars fund established in RSA 200-N:3.***

30 II. The commissioner shall make quarterly estimates of the amount of additional revenues
31 that will be produced by such increase in tax rate for the next fiscal year and shall certify such
32 amount to the state treasurer for deposit in the [~~education trust fund established by RSA 198:39~~]
33 ***New Hampshire scholars fund established in RSA 200-N:3.*** Such estimates shall be certified on
34 June 1, September 1, December 1, and March 1 of each year.

35 5 Application of Receipts. Amend RSA 6:12, I(b)(65) to read as follows:

36 (65) Money received under RSA 77-A, RSA 77-E, [~~RSA 78;~~] RSA 78-A, RSA 78-B,
37 RSA 83-F, and from the sweepstakes fund, which shall be credited to the education trust fund under

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1 RSA 198:39.

2 6 Repeal. RSA 198:39, I(d), relative to tobacco tax revenues deposited into the education trust
3 fund, is repealed.

4 7 Effective Date. This act shall take effect 60 days after its passage.

HB 642 FISCAL NOTE

AN ACT establishing a scholarship program for certain New Hampshire residents interested in attending a postsecondary educational institution in the university system of New Hampshire.

FISCAL IMPACT:

The University System of New Hampshire and the Department of Revenue Administration state this bill, **as introduced**, will increase state expenditures by an indeterminable amount in FY 2014 and each year thereafter, and decrease state education trust fund revenue and increase state restricted revenue by an indeterminable amount in FY 2013 and by \$75,648,000 in FY 2014 and each year thereafter. There will be no impact on county and local revenue or expenditures.

METHODOLOGY:

This bill establishes a scholarship program for students attending a postsecondary institution within the University System of New Hampshire. In order to be eligible for the \$5,000 per year scholarship, a student must have been a resident of New Hampshire for the last five years and maintained an overall high school grade point average (GPA) of 3.0 or better in a public high school. The scholarship is for a maximum of four academic years. Applicants who are selected and who are pursuing a degree in a science, technology, engineering, or mathematics (STEM) discipline will receive an additional \$1,000 per year under the bill. The System makes a number of assumptions in calculating the effects of the bill. The System assumes:

- the bill applies only to first-time, full-time freshman graduating from a New Hampshire high school, and not to existing USNH students, part-time students, or transfer students;
- all otherwise eligible applicants meet the five-year residency requirement;
- there will be no attrition or transfer out of the program during the maximum four years of program eligibility;
- administrative costs are manageable and will be absorbed by USNH;
- there will be ten percent annual growth in participation;
- fifteen percent of eligible students will be eligible for the \$1,000 STEM supplemental scholarships, based on FY 2013 statistics; and
- funds to support the program will be appropriated by the state.

The System states that during FY 2013, there were 1,229 full-time, first-time, New Hampshire-resident students attending a USNH school with a high school GPA of 3.0 or greater. (This number does not include Granite State College students, as Granite State College does not track the high school GPA of its students.) These numbers include graduates of both public and private high schools; the System assumes approximately 90 percent, or 1,106, of these students attended a public high school and would have been eligible for the scholarship. Applying the ten percent annual growth rate mentioned above, the System projects the bill will have the following impact on state expenditures beginning in FY 2014:

	FY 2014	FY 2015	FY 2016	FY 2017
Cumulative number of students	1,217	1,217 + 1,339 = 2,556	2,556 + 1,473 = 4,029	4,029 + 1,620 = 5,649
Base scholarship costs (\$5,000 * cumulative # of students)	\$6,085,000	\$12,780,000	\$20,145,000	\$28,245,000
Additional STEM scholarship costs (\$1,000 * 15% of the cumulative # of eligible students)	\$182,550	\$383,400	\$604,350	\$847,350
Net Increase in state expenditures	\$6,267,550	\$13,163,400	\$20,749,350	\$29,092,350

The Department of Revenue Administration states this bill would change the disposition of certain tobacco tax revenue from the education trust fund to the New Hampshire scholars fund. The Department states it is unable to estimate the reduction of revenue to the education trust fund and the increase in revenue to the New Hampshire scholars fund there would be under this bill in FY 2014 and each year thereafter, however does estimate in FY 2013 it would have applied to approximately \$75,648,000. Ultimately this bill will have an indeterminable impact on state revenues and to the extent education trust fund revenues are decreased there will be a corresponding increase to state general fund expenditures.