



Issue Brief: New Century Scholarships

HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE

SUMMARY

The New Century Scholarship Program has been successful in attracting more students to complete higher education courses while still in high school. Because of the increasing number of students qualifying for the scholarship at a time when available state revenues are down, the program is experiencing difficulties. A temporary solution was provided the past summer; more permanent solutions are being developed for the program.

DISCUSSION AND ANALYSIS

In 1999, the Legislature established the New Century Scholarship with the purpose of encouraging students to accelerate their higher education by completing the first two years while still in high school. Students who complete an Associate's Degree or its equivalent by September 1 of the year they graduate from high school are eligible to receive a scholarship providing up to 75 percent of their tuition for the last two years. Since its inception, the program has grown – slowly at first, but much more rapidly in the past few years.

Provisions in the program allow students who earn this scholarship five years in which to utilize it. High school students have not been required to notify the Board of Regents prior to the time they applied for the scholarship. Because of these two factors, there have never been solid estimates as to how many scholarships would need to be funded for the upcoming year. Each year, the Legislature would appropriate New Century Scholarship funding based on projections for the upcoming school year, but also provide supplemental funding based on the actual number of scholarships approved for the current fiscal year. This method worked well enough until last year when there was no additional funding for either the FY 2009 (as a supplemental for the then-current year) or for FY 2010. The program was without additional funding at the same time as a surge in the number of potential recipients arose. Too many recipients and too little money left the Regents in the position of limiting the scholarship. The statute authorizing the scholarships provides that “. . . if the appropriation under Subsection (4)(a) is insufficient to cover the costs associated with the New Century scholarship program, the State Board of Regents may limit or reduce scholarships.” (Utah Code 53B-8-105(4)(c))

In its July 2009 meeting, the State Board of Regents approved reducing the scholarship to 40 percent of tuition for FY 2010 and 25 percent for FY 2011. This action resulted in students and their parents calling and emailing legislators, regents, the governor, and others expressing their dismay at such action. On August 18, 2009, in the Executive Appropriations Committee meeting, the following statement was made by House Speaker David Clark: "Earlier today the Majority legislative leadership and Governor Herbert instructed the Utah Board of Regents to fully fund the New Century Scholarship. The past week both sides of the aisle have provided constructive input in trying to come up with a solution. Legislative leadership will continue to work with the Governor and the Utah Board of Regents between now and the legislative session to specify funding sources. We expect that the amount of the scholarship restoration will be a reallocation from within the Higher Education budget. The Board of Regents has agreed to notify qualified recipients, within 72 hours, that their scholarship will be fully funded."

Based on that direction, the Board of Regents has provided the New Century Scholarships at the 75 percent level for all qualified applicants for FY 2010. After the August EAC meeting, the Commissioner and his staff have worked with legislators to amend the statute and promulgated rules to better handle this scholarship program.

The rules provide the Commissioner with some level of control over the program, such as implementing an application deadline, while the proposed legislation will provide specific limitations to the recipients.

Having recently received the scholarship applications, the Commissioner is currently determining the number of qualified applicants and the cost to provide the scholarship to those students. This information will be provided to the subcommittee members as soon as it is available.