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Millennium Scholarship fund short \$4.2 million for 2011, treasurer says

Millennium program's requirements may change

By ED VOGEL
LAS VEGAS REVIEW-JOURNAL CAPITAL BUREAU

CARSON CITY -- The Millennium Scholarship fund has fallen \$4.2 million below what it needs to fully pay for scholarships in 2011, the state treasurer's office announced Monday.

That shortfall is almost \$3 million more than the legislative Interim Finance Committee was told last week.

The drop, which comes during the worst recession since the Great Depression, was caused by a larger-than-expected decline in money the state receives from the tobacco industry as a settlement for smoking-related illnesses.

It could force the Legislature to boost the qualifying criteria for Nevada high school graduates and cut the number of students who could receive the \$10,000 scholarships in 2011, said treasurer's office Chief of Staff Steve George.

Students must have at least a 3.25 grade-point average and pass all core subjects and all sections of the Nevada high school proficiency exams to qualify.

About 21,000 students now receive scholarships, and 8,000 graduating seniors are expected to qualify this year.

Since its establishment by then-Gov. Kenny Guinn through legislation passed in 1999, about 60,000 students have received the scholarship and 18,000 of them have earned degrees. The program now costs \$25 million a year, but that total is increasing by about \$1 million per year.

In a letter, George told state Sen. Bernice Mathews, D-Reno, that the program will fall \$12 million short by 2013 if changes are not made by the Legislature.

Instead of cutting back on scholarships, he also told Mathews that lawmakers could restore money they took from the scholarship fund during this year's special session.

The scholarship fund's problem has become a campaign issue between Democratic state Treasurer Kate Marshall and her Republican opponent, Steve Martin.

Martin accused Marshall of not giving good information to legislators during the special session in February about the status of the scholarship fund. He said she should have known of the coming decline in tobacco money.

Legislators might not have voted to take \$7.6 million in unclaimed property funds that also have supported Millennium Scholarships if they had been informed.

However, Marshall said last week that she warned legislative leaders not to count on receiving an influx of \$4 million from a College Savings Plan trust account to the scholarship fund if they decided to take the unclaimed property funds.

Nonetheless, they decided to take that money and use it to cover part of the state's \$800 million plus revenue shortfall. In the end, the board of the College Savings Plan voted to give only \$200,000 to the scholarship fund.

In the letter, George said state treasurers are not warned in advance that tobacco settlement funds are expected to decline. Much of the reason for the decline was a 9 percent reduction in smoking last year, he said.

The treasurer's office has added a Facebook page, Nevada Millennium Scholarship, where students, parents and others can find out the latest information about the program. Only Facebook members can access the site.

Find this article at:

http://www.lvrj.com/news/millennium-scholarship-fund-short--4_2-million-for-2011--treasurer-says--92729594.html

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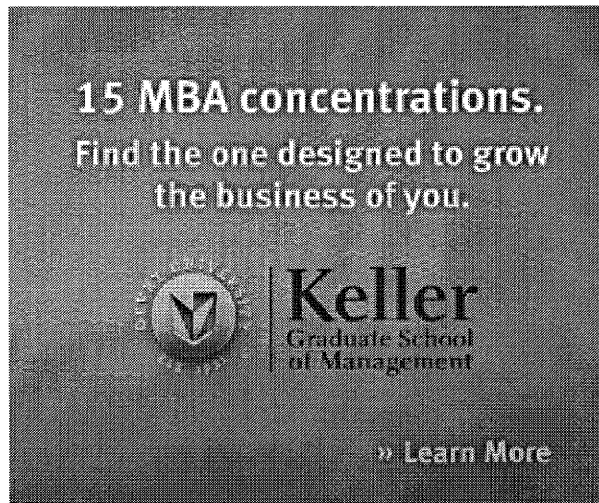
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Tuesday, May 4, 2010

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Contact Capital Bureau Chief Ed Vogel at evogel@reviewjournal.com or 775-687-3901.

Find this article at:

http://www.lvrj.com/news/millennium-scholarship-fund-short--4_2-million-for-2011--treasurer-says--92729594.html

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