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FISCAL IMPACT REPORT

ORIGINAL DATE 02/04/12

SPONSOR Gonzales LAST UPDATED _____ HB 292

SHORT TITLE Digital Education & Online Learning SB _____

ANALYST R. Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$2,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 292 appropriates \$2.5 million from the general fund for expenditure in FY03 to support innovative digital education (IDEAL-NM) and online learning programs in New Mexico - \$1.25 million to the Public Education Department, and \$1.25 million to the Higher Education Department. Unexpended or unencumbered balances remaining at the end of FY13 will revert to the General Fund.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY13) shall revert to the General Fund.

Since fiscal year 2008, the State of New Mexico has spent \$18 million on the innovative digital education and learning program (IDEAL-NM), an online learning platform that includes servers, maintenance, software licenses, and staffing at the HED and PED and by participating agencies to institutions to provide online learning to students.

For FY13, the executive request includes \$890 thousand for IDEAL-NM in the Public Education Department special appropriations. For fiscal year 2013, neither the HED nor the Executive recommended funding for IDEAL-NM.

This bill may be counter to the LFC tax policy principle of adequacy. According to the LFC staff General Fund Recurring Appropriation Outlook for FY14 and FY15, December 2011 forecasted revenues will be insufficient to cover growing recurring appropriations.

SIGNIFICANT ISSUES

IDEAL-NM was created in 2007 in the Public Education Department (PED) as a collaborative program among PED, the Higher Education Department (HED), telecommunications networks and representatives of other state agencies engaged in providing distance education. IDEAL-NM provides distance learning courses for grades six through twelve and professional development for teachers, instructional support providers and school administrators. IDEAL-NM is a statewide eLearning service that provides eLearning services to schools and state agencies. PED indicates that until the current year, IDEAL-NM also provided eLearning services to higher education institutions. IDEAL-NM provides services for free except where a school or district wants to share the cost of a highly qualified teacher to provide instruction (\$200 per half credit per student for regular courses and \$250 for advanced placement courses). If the district or school has an IDEAL-NM portal, the IDEAL curriculum, use of the eLearning management system (Blackboard Inc.), and training and technical assistance to administer and use the learning management system is provided for free. Currently, IDEAL-NM provides technical assistance to state agencies without any funding source.

IDEAL-NM is used by large districts, but also and more significantly by small and rural districts and charter schools to expand course offerings, access highly qualified teachers, provide enrichment courses (advanced placement, honors, etc.). In addition, IDEAL-NM is a source for credit recovery, meeting graduation requirements pursuant to Section 22-13-1.1 NMSA 1978 (requiring at least one of the units required for graduation to be earned as an advanced placement or honors course, a dual-credit course offered in cooperation with an institution of higher education or a distance learning course), providing an alternative school setting as well as helping to solve scheduling problems.

The program currently provides direct virtual instruction to 796 students with 964 enrollments. To date, the total completions for IDEAL-NM is 4,438 and the pass rate is 87 percent. These enrollments span 72 school districts, 30 charter schools, five non-public schools, two state supported schools, and two BIE schools. In addition, there are 47 kindergarten-12 public schools, 1 non-public school, 19 charter schools, 4 Regional Education Cooperative and 51 state agency portals in operation. Collectively, these portals serve approximately 85,296 users within the Blackboard learning management system.

Higher Education Institutions have increased the number of credit hours offered online and developing distance learning platforms to meet the educational needs of their students and communities. During FY12, a number of higher education institutions have used IDEAL-NM as the means to deliver online courses, including:

- Eastern New Mexico University (main campus and those in Roswell and Ruidoso),
- Western New Mexico University,

- New Mexico Highlands University,
- Northern New Mexico College,
- New Mexico Junior College,
- Luna Community College, and
- the New Mexico Military Institute.

The state's largest institutions -- University of New Mexico, New Mexico State University, and Central New Mexico Community College -- developed educational platforms that serve their programmatic and operational priorities.

Towards the end of FY12, the HED concluded that it would end its support of IDEAL-NM by not seeking funding past FY12, repurposing IDEAL-NM staff at the department, and reviewing how to divest licenses and unused assets. For FY12, IDEAL-NM participating institutions have been preparing for the end of HED's support and identifying institutional solutions to deliver courses and meet the needs of online students. At this time, a number of institutions may stay with the IDEAL-NM provider, under a different contract and by assuming the on-site technical support function that HED had provided in the past. Others are pursuing contracts with other distance education platforms. At this time, the HED has not communicated a clear plan for how it will dispose of, transfer, or maintain on a conditional basis the perpetual licenses to the IDEAL-NM platform.

While the HED is winding-down its portion of the IDEAL-NM contract, the PED and other state agencies will continue to use IDEAL-NM for its purposes. For fiscal year 2013, the Executive requested \$890 thousand to support IDEAL-NM.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 262 appropriates \$1.25 million from the General Fund to the Higher Education Department for expenditure in FY13 to support innovative digital education and online learning programs for students in New Mexico institutions of higher learning.

Senate Bill 273 is a duplicate.

OTHER SUBSTANTIVE ISSUES

PED indicates the bill aligns with the department's Strategic Plan Strategic Lever #5: Effective Options for Parents, Goal #2: create robust, statewide virtual school(s) allowing for expansion of the IDEAL-NM statewide virtual school (Cyber Academy), course offerings, and support for school and district level online and blended learning programs. Additionally, the bill has the potential to address the need for increasing access to online dual credit options for high school students.

Blackboard Inc. has been selected for the IDEAL-NM project as the state supported PK-12 Learning Management System (LMS).

RSG/lj