

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Stapleton **ORIGINAL DATE** 01/31/14
LAST UPDATED 02/01/14 **HB** 170

SHORT TITLE High School Student Industry Certification **SB** _____

ANALYST Kludt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
\$0.0	\$1,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$44.8	\$0.0	\$44.8	Recurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Workforce Solutions Department (WSD)

SUMMARY

Synopsis of Bill

This bill appropriates \$1.5 million from the general fund to the Workforce Solutions Department (WSD) to assist high school students statewide in paying fees associated with achieving appropriate required industry certification in their chosen careers and technical education fields.

FISCAL IMPLICATIONS

This bill appropriates \$1.5 million from the general fund to the WSD to assist high school students statewide in paying fees associated with achieving appropriate required industry certification in their chosen careers and technical education fields. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

WSD has reported that the agency does not have funding to administratively administer this bill. The department states that an additional .5 FTE and \$44.8 thousand would be required to successfully administer this bill. The estimated \$44.8 thousand for staffing costs include salary, benefits, indirect cost, and cost center overhead.

SIGNIFICANT ISSUES

According to the Public Education Department (PED), earning an industry certification gives students a sense of accomplishment, a highly valued professional credential, and helps students become more employable with higher starting salaries. Valid reliable certifications are also evidence of technical skill attainment within the context of work readiness.

Relating to HB 170, federal career technical education funds are currently available in New Mexico and administered within the PED within the Carl D. Perkins grant. Secondary and post-secondary institutions that meet eligibility guidelines may apply for career technical education funding to supplement a program pathway that meets the needs of high-wage, high-demand employment. One element within a program of study (POS) includes training and successful completion of appropriate industry certifications relevant to pathway careers and relevant technical education fields. Identified certifications are validated via the industry advisory committees, which too are a required element within a POS.

According to Perkins Annual Reports from 25 districts and 1 consortium of two districts and 5 REC's, 865 industry certification assessments were taken by students. Note, because the state, local, or federal grant funding is not used to pay for the certifications, students and schools are under no obligation to report.

This year, the PED is collecting certification completion information through STARS. The list contains 96 certifications, but this list is growing as schools are asking PED to add certifications currently not listed. Although Perkins Annual Reports do not represent all 89 districts, STARS can now collect certification completions for all local and state funded districts and charters with accurate reporting and will soon include reporting within the sixteen national industry clusters.

Certification descriptions, procedural requirements, instructor qualifications, student training and cost by certification where a cost is available is not available through a national clearinghouse but, the Texas State Education Agency has compiled certification data that can be accessed at http://www2.houstonisd.org/CareerTech/docfiles/TX_CERT_GUIDE_2007_Rev6407.pdf.

WSD reports that this bill compliments services and expands activities currently administered by the department. The Department currently administers the apprenticeship program. The objectives of this program are located in Section 11.23.6 NMAC, "To help achieve, through cooperative effort, the training of apprentices in apprenticeable occupations to meet current and future needs for skilled journeyworker. To help insure that this training stays abreast of technological developments and needs for national security, and to increase the job opportunities, earning ability, and security of the apprentices. In order to provide equal opportunities for all qualified applicants for apprenticeship, hereafter all apprentices shall be selected in accordance with a plan which assures equality of opportunity and which is acceptable to the state apprenticeship council and approved by the state apprenticeship agency." Apprenticeship usually lasts about (4) four years depending on the trade you select, but range from one to five years.

During this time apprentices work under experienced workers known as journey workers, the status they will attain after successfully completing their apprenticeships. Under the journey worker's guidance, the apprentice gradually learns the mechanics of the trade and performs the work under less and less supervision. Apprentices are employees. An apprentice's pay starts out at about 45 percent to 50 percent of a journey workers' wages and increases periodically throughout the apprenticeship. Many programs are cosponsored by trade unions that offer apprentices union membership. The LFC recommendation includes funding for the apprenticeship program.

PERFORMANCE IMPLICATIONS

PED reports that this bill relates to the strategic lever Ready for Success.

ADMINISTRATIVE IMPLICATIONS

WSD reports that the agency's existing structure is able to support the functions required to administer this bill. The Department currently administers apprenticeship programs, staffs high school career centers and administers federally funded youth programs. The bill would also enhance promotion and funding of industry certification would expand opportunities for high school students and more comprehensively address full-range needs for today's youth in their chosen careers according to the department. However, WSD states that it would require additional administrative support to perform the fiscal responsibilities associated with the \$1.5 million appropriation in this bill.

RELATIONSHIP

PED reports that this bill relates to the request for \$500.0 thousand in the executive recommendation for Workforce Readiness Programs in school districts that prepare students for industry certification.

KK/ds:jl