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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/19

SPONSOR    SEC \_\_\_\_\_ LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE    High School G.E.D. External Diploma    SB 391/SECS

ANALYST    Hawker

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications	See Fiscal Implications		Recurring	Lottery Tuition Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Public Education Department (PED)

#### Response Also Received From

New Mexico Independent Community Colleges

### SUMMARY

#### Synopsis of Bill

Senate Education Committee Substitute to Senate Bill 391 amends Section 22-2-8 NMSA 1978 to add a new higher school diploma alternative. The external diploma would be a program for adults to earn a high school diploma, awarded by PED, based on skills analysis conducted by an external diploma programs.

### FISCAL IMPLICATIONS

According to HED, cost associated with earning an external diploma would be borne by the person seeking the credential.

SB391/SECS does not contain an appropriation. The bill would not increase the revenues into the lottery tuition fund; however, this bill could broaden the eligibility of students who receive the lottery scholarship in New Mexico and presumably increase the number of lottery

scholarship recipients. If the lottery tuition fund did not have sufficient revenues, the increased participation would be absorbed by lowering the amount of scholarship provided each year.

Currently, the lottery scholarship program provides a minimum scholarship amount depending on the type of institution the recipient attends:

- Four-year research universities: \$1,500/semester
- Four-year comprehensive universities: \$1,020/semester
- Two-year community colleges: \$380/semester

In 2018, 839 adult learners obtained their high school equivalency through the HED adult basic education initiative. PED served 821 adults in their high school programs.

The external diploma is another pathway to a high school diploma. If an estimated additional 100 individuals were to obtain their high school diploma each year via the external diploma process and attend a New Mexico public post-secondary institution, the additional cost to the lottery tuition fund could be \$0 to an estimated \$450.0 thousand.

The below table shows the impact for 300 more awards being made in an academic year (100 individuals x 3 terms). This table reflects estimated costs if all students attended the same institution type.

	Award Amount Per Term	Estimated # of Awards	Estimate Cost
Research Institution	\$1,500	300	\$450,000
Comprehensive Institution	\$1,020	300	\$306,000
Community College	\$380	300	\$114,000

**SIGNIFICANT ISSUES**

SB391/SECS directs PED to authorize an external diploma program that uses a skills-based analysis to award a high school diploma. At least one commercially available program exists that meets the objective of SB391/SECS. The National External Diploma Program (NEDP) is an applied performance assessment system that assesses the high school level skills of adults and out-of-state youth. NEDP evaluates the reading, writing, math and workforce readiness skills of participants in life and work contexts. Students who have acquired high school abilities through work, family and community experiences can complete a high school diploma.

In New Mexico currently there are only three pathways to achieving a high school equivalency credential or diploma: completion of high school; enroll in and pass the GED, published by GED Testing Services of Pearson Publishing; or enroll in and pass the HiSET, published by Educational Testing Services.

The Adult Education Division at HED oversees 24 programs throughout the state that prepare students age 16 and over to take either the GED or the HiSET. PED provides educational services for adult students in the public school system.

The National External Diploma Program (NEDP), operated by CASAS, is another pathway to obtaining a high school diploma. CASAS has been recognized by the U.S. Department of Education since 1979 as an alternative to high school completion for adults who have been in the workforce. The objective of NEDP is to provide adults with an assessment and credentialing process that is an alternative to traditional diploma programs and enables adults to earn a regular high school diploma.

The NEDP is currently provided in: California, Connecticut, District of Columbia, Maryland, Michigan, New York, Rhode Island, Virginia, and West Virginia.

### **ADMINISTRATIVE IMPLICATIONS**

According to HED, in 2015 memorandum of understanding between PED and HED transferred to HED all the duties assigned to PED by Section 22-2-8.8 NMSA 1978, high school equivalency credential. As SB391/SECS adds a new section to the Public School Code, it is unclear whether this would be administered by HED under the MOU.

### **OTHER SUBSTANTIVE ISSUES**

PED suggests the administration of a new skills-based diploma may more appropriately be administered by HED.

It is unclear if an external diploma option would result in more students opting out of completing their K-12 education.

A study by the Syracuse Research Corporation, funded by the Ford Foundation, found reasons why the adults over the age of 25 were not earning their high school credential through existing high school completion programs. The results indicated that: adult education class schedules were not compatible with adult responsibilities; class content did not relate to real life experiences; multiple choice, paper-pencil testing format was too limiting. NEDP was created in response to this study.

NEDP requires participants to demonstrate abilities by applying them in simulated, academic, workplace and life contexts. Aligned to College and Career Readiness standards, NEDP assess three foundation content areas (communication and media literacy, applied math/numeracy, information and communication technology) and seven functional life skill content areas (civic literacy and community participation, consumer awareness and financial literacy, cultural literacy, geography and history, health literacy, science, 21<sup>st</sup> century workplace). NEDP provides to the learner: flexible schedules and locations, the ability to work at home, multi-method assessment (oral, written, performance), credit for work and life experience, continuous feedback, and the opportunity to direct their own learning.

VKH/sb/al