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**AGENCY BILL ANALYSIS
2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Click all that apply:

Original Amendment
Correction Substitute

Date 2025-01-28

Bill No: HB167

Sponsor: Garratt, Joy
Short HIGHER ED. PAYMENT
Title: FOR CERTAIN TESTS

Agency Name
and Code NMHED
Number: _____

Person Writing Gallup, Amber
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
N/A	\$2,000.0	Nonrecurring	General Fund
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

N/A

Duplicates/Relates to Appropriation in the General Appropriation Act:

N/A

SECTION III: NARRATIVE

BILL SUMMARY

House Bill 167 (HB167) provides for free high school equivalency (HSE) tests and practice tests for New Mexico residents. To qualify, New Mexico residents must be at least 16 years old, have passed an official practice test with scores indicating test readiness, and must not already have a high school diploma (HSD) nor be enrolled in secondary school. HB167 assigns new functions and duties to New Mexico Higher Education Department (NMHED) but these duties are not likely to increase NMHED's administrative costs. The appropriation of two million dollars (\$2,000,000) from the General Fund provides funding needed to provide these free tests to New Mexico residents. HB167 is a legislative priority of NMHED.

FISCAL IMPLICATIONS

Two million dollars (\$2,000,000) is appropriated to NMHED from the General Fund. The appropriation is nonrecurring. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the General Fund.

SIGNIFICANT ISSUES

New Mexico ranks 47th nationally in the number of adults with an HSD or HSE. NMHED estimates that there are 190,000 adults in New Mexico without an HSD or HSE, but less than three percent (3%) of these individuals earn their HSE each year. New Mexicans with an HSD or HSE earn

approximately \$6,500 more per year on average due to increased employability in careers with higher wages. An HSD or HSE credential is a necessary prerequisite for access to most or all entry-level positions in the in-demand occupational sectors that are of urgent priority for the state, including healthcare, construction industries, and early childhood education. Increasing access to an HSE will allow more New Mexicans to fill family-sustaining positions in these high-demand industries. This access could also represent a significant return on the State's investment over time. The full cost of an HSE test battery - a collection of tests that students can take to earn an HSE credential - is one hundred and forty-five dollars (\$145.00). This cost presents a barrier for the thousands of low-wage New Mexican adults who currently lack a credential. Assuming just 3,500 people (about 70% of annual test takers) earn an HSE, increase their earnings by six thousand four hundred and sixty-five dollars (\$6,465), and pay a ten percent (10%) average income tax rate, the State of New Mexico could see a return on its investment of more than two million dollars (\$2,000,000) annually in tax revenue alone. If enacted, the bill will modify Chapter 21, Article 1 NMSA 1978 to provide for free HSE tests and practice tests for qualifying New Mexico residents. This would fully remove the cost barrier and encourage test completion statewide. With a recurring investment in free high school equivalency tests, more than five thousand (5,000) New Mexicans each year could gain the credential necessary to access family-sustaining employment in high priority sectors. NMHED would expect the number of test-takers to increase each year that free tests are offered.

PERFORMANCE IMPLICATIONS

HB167 does not outline specific performance measures; however, if funded, the Adult Education Division of NMHED will develop performance measures.

ADMINISTRATIVE IMPLICATIONS

The Adult Education Division of NMHED would administer this program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

The bill does not state the appropriation is recurring. However, the appropriation would have to be recurring to keep pace with annual testing needs. In FY24, fewer than six thousand (6,000) New Mexicans took an HSE test or practice examination. While the number of test-takers has been increasing slightly each year as NMHED invests in building the HSE system, a significant increase in credentials earned will take multiple years to bring to fruition. Free HSE tests will increase access to tests for New Mexicans. Access for the nearly two hundred thousand (200,000) New Mexicans who need it cannot be accomplished in a single year. For this reason, the appropriation should be recurring.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

HSE tests and practice tests will not be provided free of charge to New Mexico residents, meaning that current barriers to achievement and employment will persist. Without this investment and the strategy that underlies it, New Mexico will continue to rank near the bottom of the nation in HSE credential attainment and associated employment and wage outcomes and worker shortages in in-demand industries may persist. No additional appropriation will be made. HSE-related services will continue at a level based on available funding, which is far below the associated need.

AMENDMENTS

N/A