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FISCAL IMPACT REPORT

SPONSOR Garratt/Torres-Velásquez LAST UPDATED _____
ORIGINAL DATE 1/31/25
BILL
SHORT TITLE Higher Ed. Payment for Certain Tests NUMBER House Bill 167
ANALYST Jorgensen

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act.

Sources of Information

LFC Files

Agency Analysis Received From
Higher Education Department (HED)

SUMMARY

Synopsis of House Bill 167

House Bill 167 (HB167) requires the Higher Education Department (HED) to provide free high school equivalency testing to New Mexico residents. The bill appropriates \$2 million from the general fund to HED to pay test and test preparation costs.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

SIGNIFICANT ISSUES

Adult education is housed in the HED budget. In FY25, the general fund appropriations for adult education, adult literacy, and the adult diploma program totaled \$7.8 million. Both the LFC and executive recommended increases to this amount for FY26 (*see Relationship*).

HED reports that test costs for high school equivalency exams total \$145 per exam and that less than 6,000 New Mexicans took a high school equivalency exam in FY24, so that total annual exam costs would be approximately \$870 thousand per year.

HED notes:

New Mexico ranks 47th nationally in the number of adults with a high school diploma or high school equivalency. HED estimates that there are 190,000 adults in New Mexico without a high school diploma or high school equivalency, but less than three percent (3%) of these individuals earn their high school equivalency each year. New Mexicans with a high school diploma or high school equivalency earn approximately \$6,500 more per year on average due to increased employability in careers with higher wages.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Both the LFC and executive budget recommendations for the General Appropriation Act include additional funding for adult education, as shown in the table below. The House Appropriations and Finance Committee has not yet taken action on the HED budget, so the FY26 appropriation amounts are unknown, but the appropriation in HB167 may align with appropriations in the General Appropriation Act.

Adult Education Spending
(in thousands)

Program	FY25 Operating Budget	Exec. Rec	LFC Rec.
Adult Literacy	750.0	2,750.0	1,250.0
Adult Diploma	250.0	250.0	500.0
Adult Education	6,828.0	9,828.0	7,328.0
Total	7,828.0	12,828.0	9,078.0
Amount over FY25		5,000.0	1,250.0
% Change		64%	16%