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FISCAL IMPACT REPORT

ORIGINAL DATE 2/07/06

SPONSOR Harden LAST UPDATED _____ HB _____

SHORT TITLE Adult Basic Education Programs SB 52

ANALYST Earp

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 54

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

New Mexico Association of Community Colleges (NMSCC)

SUMMARY

Synopsis of Bill

Senate Bill 52 appropriates \$500,000 from the general fund to HED to fully fund Adult Basic Education (ABE) programs.

FISCAL IMPLICATIONS

The appropriation of \$500,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund. These funds would augment the recurring funding contained in the General Appropriation Act for this purpose. The intent is to provide full funding for ABE through a workload-based formula.

SIGNIFICANT ISSUES

This proposal is included among the HED's fiscal year 2007 funding recommendations to the Legislature.

PERFORMANCE IMPLICATIONS

HED reports that adult education programs exceeded 15 of the 16 performance standards set for FY04-05 (for pre- and post-tested students). The performance standards set annually by the State and the U. S. Department of Education determine targets for increases in student educational functioning levels (12 levels), obtaining or retaining employment, earning secondary school credentials (GED), and transitioning to post-secondary education or other training.

Recent Achievements include:

- 73% of students with a goal of entering post-secondary education or training achieved their goal.
- 60% of students with a goal of obtaining a high school diploma achieved their goal.
- 58% of tested students made significant educational gains – at least one functioning level.

ADMINISTRATIVE IMPLICATIONS

HED would administer the additional funds in conjunction with the current appropriation for ABE programs. The additional funding would be distributed among eligible programs on the basis of an ABE formula developed for this purpose.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is generally related to Senate Bill 54 which would provide \$1 million for expansion of ABE English as a Second Language programs.

OTHER SUBSTANTIVE ISSUES

HED reports that the department has worked to integrate ABE programs into the overall funding mechanism for post-secondary institutions. The ABE formula is the only educational formula that has not been fully funded. Maintenance (and expansion) of ABE program capacity is a very high priority for HED. With state appropriations, the ABE program currently funds 23 educational institutions: 19 state public post-secondary institutions, 3 tribal colleges and 1 public high school. In FY05, the total headcount in these ABE programs was 19,371. The cost per weighted headcount was \$222. These programs serve less than 5% of the eligible adult population. This request supports the Governor's initiative to develop a better educated workforce and create more opportunity for enrollment in higher education.

The New Mexico Association of Community Colleges (NMACC) reports that institutions operating ABE programs (mainly community colleges) generally have to supplement their ABE programs with operating I&G funds that they get as part of the credit higher education formula as the ABE formula does not adequately support (even after fully funding) serving the ABE/Literacy needs of the state. The state support per ABE client is only \$222.00 for services rendered. TANF funding that supplemented ABE services for TANF clients for several years has been eliminated, but there still is the expectation to serve this population. These programs

are supplemented with about \$3 million in Federal funds but this funding is competitive (therefore cannot be necessarily counted on to continue at prior levels) and always seems to be on the “chopping block” in these years of attempting to balance the federal budget and growing deficits. Therefore, the state needs to keep increasing its investment in these programs.

NMACC states that ABE programs collectively serve a little over 22,000 clients needing adult basic education and literacy services. These are the people who have either fallen through the cracks of our educational system or have come into the state with English as a Second Language. It is estimated that there are 400,000 in New Mexico who need these basic skill services so fully funding the formula will help but by no means will be close to the resources needed to fully address this problem. If New Mexico wants to strive to be a higher wage economy, many of these people with basic skills and literacy needs will have to be given an opportunity to increase their educational attainment.

DKE/nt