

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 FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/09  
 LAST UPDATED 2/17/2009    HB 44/aHEC

SPONSOR Berry

SHORT TITLE Running Start for Careers Act    SB \_\_\_\_\_

ANALYST Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$0.1	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with SB-46  
 Relates to Appropriation in the General Appropriation Act

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

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Indeterminate (Could be Significant)			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)  
 Higher Education Department (HED)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 44 provides for the course of instruction used to implement this bill be aligned with the New Mexico content standards and benchmarks.

The amendment removes optional language and requires the public education commissions to promulgate rules to carry out the provisions of the ACT.

The amendment provides for the approval of both a parent and school principal for a student to withdraw from the program.

The amendment deletes the appropriation.

### **FISCAL IMPLICATIONS**

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

Without appropriations the department will be expected to implement the provisions of this bill which could be considerable. The total impact is difficult to determine, but could be significant.

### **SIGNIFICANT ISSUES**

While the amendment deletes the appropriation, the Running Start for Careers Fund is created. The bill provides for payments to providers given the availability of funds. Appropriation requests should be expected in the future to fund the provisions of this bill.

#### Synopsis of Original Bill

House Bill 44 appropriates \$500 thousand from the general fund to the running start for careers fund for carry out the purposes of the Running Start for Careers Act.

HB 44 creates a six-year pilot project to create a pre-apprenticeship training program to offer opportunities to high school students through a course of instruction that results, upon satisfactory completion of the program, in a certificate of completion that is acceptable to an apprenticeship training program registered with the apprenticeship council or is otherwise acceptable to the specific trade.

### **FISCAL IMPLICATIONS**

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of the pilot program shall revert to the general fund.

The General Appropriation Act contains an appropriation of \$650 thousand for apprenticeship assistance that could be used to support this legislation.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

HB-44 also provides for the department to use up to 15 percent of the appropriation annually for administrative costs. The amount of work outlined in the bill is significant and will probably require additional FTE to support the effort. It appears that the amount set-aside for administrative costs may not be sufficient to cover these costs since no career technical education FTE are funded through the state's general fund. Staff who are currently in the PED Career and Technical Workforce Education Bureau are funded only through the federal vocational education grant and must document that their work is limited to the grant's activities.

### **SIGNIFICANT ISSUES**

The bill places responsibility with the Public Education Commission (PEC) for directly completing programmatic, administrative and operational duties to include:

- promulgation and adoption of rules related to the named program;
- data collection activities;
- measurement of student drop-out rates;
- measurement of student retention;
- measurement of student performance in high school, at graduation and after graduation;
- implement a four-year data collection process related to postsecondary outcomes
- program assessment and evaluation;
- measure school district participation
- marketing;
- grant solicitation; and, solicitation of recommendations from other state agencies regarding the pilot program.

The bill further provides that the PEC would approve program applications; program providers; industry instructors; and courses of instruction.

The bill places responsibility with the Public Education Department to administer the program under direction of the PEC; reimburse program providers; and collect annual and periodic data to address the above-identified data points.

The PEC is an advisory commission to the Secretary of Public Education and it appears that many or all of the responsibilities delineated in the bill to the Public Education Commission appear to be outside of the responsibilities of the commission and that the department should be assigned all of the responsibilities assigned in the bill to the commission.

This bill is based on the assumption that private industry will provide salary/benefits for the industry instructors, and that locally approved apprenticeship training sites and union halls may be utilized for classroom instruction.

PED notes that the stated purpose of this bill is to expand accessibility of career technical education to high school students; however no mention of alignment to New Mexico's content standards and performance benchmarks is noted.

The Department also notes that this bill addresses the impact pre-apprenticeship training could have on student drop-out and employability rates; however, the bill is written to exclude high school students under the age of 16 years and students who are not at least in the 11<sup>th</sup> or 12<sup>th</sup>

grades. It might better serve the at-risk population if students aged 14 years would be eligible for this program.

This bill requires data collection. To address data collection the following is needed:

- measurement of student drop-out rates;
- measurement of student retention;
- measurement of student performance in high school, at graduation and after graduation;
- implement a four-year data collection process related to postsecondary outcomes
- program assessment and evaluation;
- measure school district participation.

The bill prohibits the student and the student's parent/guardian from the decision-making processes related to withdrawal from participation in this program, which appears contrary to the implementation of Next Steps planning.

The bill states that the provisions of the School Personnel Act, including licensure requirements, shall not apply to industry instructors, except that they shall be required to undergo a background check as provided for licensed school employees in Section 22-10A-5 NMSA 1978. This could be problematic in that no supervision from the school site is available.

## **TECHNICAL ISSUES**

The PEC will be required to complete numerous activities that are administrative in nature. Having the PEC, which is advisory in nature, in this role is not consistent with the education reforms of 2003, which placed oversight for public education under the Executive and with the Secretary of Education.

PA/svb:mt