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FISCAL IMPACT REPORT

ORIGINAL DATE 2-25-09

SPONSOR Maestas LAST UPDATED _____ HB 401

SHORT TITLE Educational Training For G.E.D. Candidates SB _____

ANALYST Aubel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 375; Companion to SB 177

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Department of Finance and Administration (DFA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 401 appropriates \$100 thousand from the general fund to the Local Government Division of the Department of Finance and Administration to provide educational training for people attempting to attain their General Education Development (GED) certificate in Bernalillo County.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY10 shall revert to the general fund.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The HAFC recommendation for general appropriations includes reductions in some areas where federal funds can be used. These reductions will have to be made up to maintain the current level of appropriations in FY11 and FY12. In FY11, \$150 million will have to be restored and in FY12, \$330 million will have to be restored. This is in addition to other appropriation increases required in FY11 to maintain current service levels or to implement statutorily scheduled funding increases, such as ERB contributions, instructional material funding replacement, and restoring Medicaid funding from the general fund instead of the tobacco settlement program fund. These add up to \$80 million to \$100 million.

SIGNIFICANT ISSUES

According to the 2005-2007 *American Community Survey*, 15 percent (70,064) of adults ages 18 or older are without a high school diploma in Bernalillo County. HED reports that 40 percent of students enrolled in Adult Basic Education (ABE) during FY06-FY07 were under 25 years of age. HED states that New Mexico has one of the lowest percentages of young people earning a high school credential.

Responding agencies note that earning a high school diploma is one of the most effective ways to move into sustainable employment. The HED ABE Division oversees the GED programs in New Mexico with the goals of helping people transition to college, get jobs, and help their children to be successful in school. HED states that ABE programs serve people 16 years and older whose skills are below twelfth grade equivalent.

HED details its qualifications in providing GED programs, as follows:

“Of the 28 programs currently with HED ABE, five are offering GED services in Bernalillo County. These programs are accountable to NMHED and to the US Department of Education. New Mexico has instituted state-level policies, program specific performance measures, and fiscal procedures. The ABE’s association with other state programs provides access to shared expertise and evolving best practices. In addition, a statewide professional development plan has been approved by the U.S. Office of Vocational and Adult Education (OVAE) and is being implemented by the New Mexico Adult Education Association (NMAEA). NMAEA recently celebrated 40 years of service to the state.”

PERFORMANCE IMPLICATIONS

By partnering with any local government division, the HED ABE Division proposes it can bring the existing accountability system and its best practices to the proposed program. The New Mexico ABE system has existing quality control and accountability measures for programs offering GED services. Annual ABE performance measures are negotiated with and reported to OVAE at the U.S. Department of Education.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 401 duplicates Senate Bill 375.

House Bill 401 is a companion bill to Senate Bill 177, which appropriates \$5 thousand for a GED program in Bernalillo County.

ALTERNATIVES

According to HED, there are five adult education programs offering GED services in Bernalillo County: Central NM Community College, Catholic Charities, SER de New Mexico, Southwestern Indian Polytechnic Institute and the University of New Mexico - Los Alamos. An alternative to this legislation would be to continue to refer prospective GED and ABE students to one of the existing sites for courses.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Students seeking GED services would enroll in existing GED programs.

POSSIBLE QUESTIONS

1. Would the appropriation be better made to HED?
2. Are there any waiting lists for GED programs?
3. Is there any information on the social costs of having 15 percent of the young population without a high school diploma?
4. How would this bill reduce that percentage and by how much?

MA/mt