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FISCAL IMPACT REPORT

SPONSOR Campos **ORIGINAL DATE** 3/9/2015
LAST UPDATED _____ **HB** _____

SHORT TITLE Adult Basic Education Programs **SB** 637

ANALYST _____

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$2,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$2,500.0	\$2,500.0	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act,

- Section 4J Higher Education Department, Policy Development and Institutional Financial Oversight
- Section 4K Public School Support, State Equalization Guarantee Distribution

Relates to SJM 26, School Equalization Guarantee for Some Adults

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Adult Basic Education Council (ABEC)

SUMMARY

Synopsis of Bill

Senate Bill 637 appropriates \$2.5 million from the general fund to HED to expand the adult basic education program.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall revert to the general fund.

For FY15, HED received a \$5.375 million general fund appropriation and approximately \$4 million in federal funds to provide adult education services. Since FY13, the state has also documented in-kind services to satisfy the matching requirement to maintain federal funding. For FY16, the executive recommended FY15 levels of general fund support for this program, while the LFC recommended an \$800 thousand general fund increase, for a total \$6.175 million in support of adult education services. Based on a 2014 LFC evaluation of college readiness and adult education needs, the LFC's recommended increase was to support the department's efforts to increase per student spending targeted to helping students earn credentials and their high school equivalency certificate quicker. The House-passed HB 2 included a \$100 thousand increase for adult education, for a total general fund appropriation of \$5.475 million for FY16. Should HB 2, as passed by the House, and SB 637 be enacted, the program would receive nearly \$8 million in general fund support for FY16. The program received more than \$6.7 million in FY09.

The state spends approximately \$320 in general fund support per student on adult education students, those seeking basic literacy skills to a high school diploma or equivalency. This amount is significantly lower than the amount spent annually on K-12 students (\$9.6 thousand/student) or postsecondary students (\$6 thousand/student).

A portion of ABE funding is distributed through a performance formula. Since FY13, HED has distributed 15 percent of total funding based on program performance, measuring the number of students who reached 12 or more contact hours. In FY15, the department based 20 percent of funding on program performance, measuring the number of students with 40 or more contact hours.

SIGNIFICANT ISSUES

LFC's October 2014 review of the state's college readiness and adult education efforts reported that more than 220 thousand New Mexicans, or 14 percent of the state's residents ages 24 to 65, lack a high school diploma or equivalent. This is in addition to 180 thousand adults who speak English "less than well." The state's adult education enrolled population dropped 4 thousand participants between FY10 and FY13, leveling off at 19 thousand.

It is estimated that the state currently serves about 5 percent, or 20,000 individuals, of the eligible population (ages 16 and older) needing services, with more than one thousand on a waiting list for services and 24 communities or community organizations requesting ABE services. In general, ABE programs help adults

- Learn basic literacy and numeracy skills
- Earn an alternative high school credential
- Learn English as a second language (ESL) and study civics in English
- Prepare for and enter postsecondary education and careers

- Obtain and retain employment.

The state, through HED, has spread resources thinly across the population receiving services. For example, Colorado and Arizona spend an average of \$890 per student (10.5 thousand students) to \$920 per student (17.5 thousand students), respectively, though New Mexico spends about \$560 per student (19.4 thousand students). The report recommends targeting funding towards increasing the intensity of student instruction to increase student performance and more timely completion of the high school diploma or equivalency or academic level gains for adults seeking basic fourth to eighth grade literacy and numeracy levels.

To address the growing need of a diverse population, both HED and the state's Adult Education Directors Council recommend increased funding for

- Paying for student test fees, which have increased for the GED and other computer-based exams for high school equivalency and work skills, such as WorkKeys;
- Professional development for teachers, particularly as teachers transition to teaching students who must take computer-based exams;
- Curriculum development, to align college and career readiness curricula for the adult education population; and
- Additional full-time instructors. Nearly 80 percent of all program instructors are under-qualified, part-time, less than 20 percent of instructors are full-time.

PERFORMANCE IMPLICATIONS

HED reports on adult education programming and students as part of its annual Accountability in Government Act reporting. For FY16, the department changed a key metric, and linked additional performance funding accordingly, to reward programs that help students complete a higher number of contact hours.

The University of New Mexico-Valencia adult education director notes that the reduction in funding since FY11 has resulted in eliminating 3 full-time instructors, closing classes at many sites, and not being able to serve communities requesting services. Additional funding would support staff and materials to serve individuals and improve performance.

DUPLICATION, RELATIONSHIP

SB 637 duplicates an appropriation in the General Appropriation Act to HED's policy development and institutional financial oversight program and to PED as part of the state equalization guarantee formula which supports adult education offered by charter schools.

SJM 26 requests LESC, LFC, and others work together to identify an appropriate age for when an institution or organization no longer receives student funding under the public school funding formula but instead receives adult basic education funding for students above a certain age.

ALTERNATIVES

SB 637 increases the general fund appropriation to HED's adult basic education program. Aligning the state's adult education services and funding, through the state's public school funding formula and HED appropriation, could lead to improved student outcomes.