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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
54th Legislature, 2nd Session, 2020

Bill Number	<u>HB89</u>	Sponsor	<u>Trujillo, C./Sariñana</u>
Tracking Number	<u>.215848.2</u>	Committee Referrals	<u>HEC/HAFC</u>
Short Title	<u>Adult Ed for Students in Justice System</u>		
Analyst	<u>Kennedy</u>	Original Date	<u>1/28/2020</u>
		Last Updated	<u>2/7/2020</u>

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of Bill

House Bill 89 (HB89) would appropriate \$2 million from the general fund to the Higher Education Department (HED) to provide adult education services for students involved in the criminal justice system at Gordon Bernell Charter School.

FISCAL IMPACT

The bill appropriates \$2 million from the general fund to HED for expenditure in FY21. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

SUBSTANTIVE ISSUES

Education reforms passed in 2019 began phasing out funding for adult students in public schools. Prior to the 2019 legislative session, state law did not place an upper limit on the age of a public school student. School districts and charter schools enrolled 612 adult students in FY19; Gordon Bernell accounted for 50 percent of statewide adult student enrollment. With adult students included in the state equalization guarantee (SEG) distribution, Gordon Bernell generated \$3 million in FY19 and \$3.3 million in FY20 to serve approximately 435 students. Staff estimate Gordon Bernell will lose funding for approximately 294 adult students in FY21 but will become eligible for small school size adjustment program units. Gordon Bernell's estimated FY21 SEG distribution is \$1.8 million, a \$1.5 million reduction compared with FY20. The \$2 million appropriation included in HB89 more than makes up for this loss in formula funding.

Due to Gordon Bernell's highly mobile incarcerated adult student population, analyzing the school's funding on a per-student basis proves challenging. Gordon Bernell staff reported at an LESC hearing in October 2019 that enrollment on the first, second, and third reporting dates trends

between 435 and 450 students, but the school serves more than 1,000 unique students in a given school year.

**Impact of Education Reforms on
Gordon Bernell Per-Student Funding**

	FY19	FY20 preliminary	FY21 estimated	Difference from FY20
Total SEG Funding	\$3,046,295	\$3,316,701	\$1,768,978	(\$1,547,723)
Funded Student Membership (MEM)	434.5	435.5	142	-294
SEG Funding per MEM	\$7,011	\$7,616	\$12,458	\$4,842
Total Number of Students on Snapshot Date	434.5	435.5	435	-0.5
SEG Funding per Student	\$7,011	\$7,616	\$4,067	(\$3,549)
Unique Students Served (estimated)	1,000	1,000	1,000	0
SEG Funding per Unique Student	\$3,046	\$3,317	\$1,769	(\$1,548)

Source: LESC Files

HB89 would fund adult education services at Gordon Bernell at a significantly higher rate than individuals in traditional adult education programs. Considering only state funds, HED’s Adult Education Division received \$5.2 million in FY19 and provided adult education services to 10,960 unique individuals, a rate of approximately \$478 per student. Combining Gordon Bernell’s estimated FY21 SEG distribution and the appropriation included in HB89, the school would receive \$3.8 million in state funds in FY21 to provide adult education services to approximately 1,000 unique individuals at an estimated rate of \$3,769 per student. It should be noted, however, the SEG distribution is not intended to fund adult students.

The Legislature significantly increased funding for HED adult education programs in 2019. HED’s Adult Education Division received \$5.2 million in recurring general fund revenue in FY19; in the 2019 legislative session, the Legislature allocated an additional \$3 million to HED and included language in the General Appropriation Act allowing HED to use up to \$3 million to pilot adult education services for students involved in the criminal justice system and prioritize services for adults impacted by the school-age limit. HED allocated \$250 thousand to Gordon Bernell to continue its operations, despite the fact that Gordon Bernell saw no reduction in funding in FY20, as the SEG distribution is based on prior-year enrollment. The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 maintains the \$8.2 million allocated to HED for adult education services in FY20, but removes the requirement to use the funds for students involved in the criminal justice system and impacted by the school-age limit. As a result, HED reimbursement rates for adult education providers will likely increase.

Analyses from HED and the Public Education Department (PED) note HED is not authorized to oversee high school programs. HED’s analysis states the department would need to develop new performance measures for Gordon Bernell upon passage of HB89.

OTHER SIGNIFICANT ISSUES

HED allocates funds to adult education providers on a reimbursement basis. The majority of funding corresponds to the headcount of students who receive 40 or more hours of instruction per year, with additional funding provided if students achieve measurable skill gains, obtain a high school equivalency credential, transition to postsecondary education, or become employed shortly after exiting the program. Despite the fact that Gordon Bernell tracks a variety of student outcomes

similar to those tracked by HED, the school receives funding through the SEG distribution, which does not base funding on the number of credits students earn or student performance. Gordon Bernell staff report the school operates on the basis of an individualized, self-paced, mastery-based curriculum and program completion can refer to skills acquisition or attainment of a high school equivalency credential, in addition to high school graduation. Specific data on most of these outcomes is not available; however Gordon Bernell's four-year graduation rate in FY18 was 15 percent.

Only 74 percent of New Mexico students graduated on time in 2018 and the U.S. Census Bureau reports over 200 thousand New Mexico adults lack a high school diploma or equivalency credential. Adult education services can assist individuals in the acquisition of a high school equivalency credential. Obtaining a high school diploma or equivalency credential significantly improves economic well-being. U.S. Census Bureau data from New Mexico indicate adults who possess only a high school diploma or equivalency credential have median annual earnings of \$26,446 compared with \$18,634 for adults who do not, a 42 percent difference. Similarly, only 19 percent of New Mexico high school graduates live in poverty, compared with 34 percent of adults without diplomas. Moreover, a high school diploma or equivalency credential is a prerequisite for postsecondary education. Georgetown University's Center on Education and the Workforce reports 65 percent of job openings through 2020 will require at least some college education.

ALTERNATIVES

Rather than create a funding mechanism for Gordon Bernell to provide adult education services outside the HED-administered statewide adult education system, the Legislature may want to consider increasing its investment in traditional adult education programs, including HED- and New Mexico Corrections Department-administered programs and PED's department-issued diploma program. The Legislature may also want to consider holding Gordon Bernell harmless until such time as the school can apply to serve as a HED-accredited adult education provider.

RELATED BILLS

Relates to HB88, Adult Basic Education Services, which appropriates \$3 million from the general fund to HED to provide adult basic education services statewide, and \$7 million from the general fund to HED to fund adult education services for students involved in the criminal justice system and impacted by the establishment of a maximum age of 22 for public school students.

Relates to HB152, Fund for Adult Education Services, and SB112, Adult Education Plan, Schools & Funding, which task the secretary of HED with conducting oversight of adult education services statewide, create an adult education services fund to provide funding for charter schools that provide adult education services, establish criteria for eligible charter schools, direct HED and PED to jointly develop a strategic adult education plan, appropriate \$6 million to the adult education services fund, and appropriate \$200 thousand to HED to hire personnel to oversee adult education services.

SOURCES OF INFORMATION

- LESC Files
- Higher Education Department (HED)
- Public Education Department (PED)