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## FISCAL IMPACT REPORT

**SPONSOR** Trujillo, C./Sariñana      **ORIGINAL DATE** 1/28/2020  
**LAST UPDATED** \_\_\_\_\_      **HB** 89  
**SHORT TITLE** Adult Ed for Students in Justice System      **SB** \_\_\_\_\_  
**ANALYST** Gaussoin

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$2,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bills 88 and 152 and Senate Bill 112.

### SOURCES OF INFORMATION

LFC Files  
 Legislative Education Study Committee (LESC) Files

Responses Received From  
 Public Education Department (PED)  
 Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

House Bill 89 appropriates \$2 million from the general fund to the Higher Education Department for adult education services for students involved in the criminal justice system at the Gordon Bernell Charter School.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

## FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

HED does not currently administer high school adult education programs and raises concerns that it might need staff to oversee spending of the appropriation.

## SIGNIFICANT ISSUES

Education reform legislation passed in 2019 established an age cap on public school students, prohibiting PED from distributing funding formula funds for any student over age 22 and began phasing out the funding for adult public school students. According to LESC analysis, half of the 612 adult students enrolled in public schools in FY19 were enrolled at Gordon Bernell Charter High School in Albuquerque. Many Gordon Bernell students are incarcerated at the Metropolitan Detention Center and highly mobile and the school estimates it serves more than 1,000 unique students in a given school year.

LESC says Gordon Bernell generated \$3 million from the funding formula in FY19 and \$3.3 million in FY20. While Gordon Bernell will lose funding for approximately 294 adult students in FY21, it will become eligible for small school program units. LESC estimates Gordon Bernell's FY21 funding formula distribution will be \$1.8 million, a \$1.5 million reduction from FY20. LESC analysis notes the \$2 million appropriation in HB89 is more than the loss in formula funding.

HED notes that while adult students are now prohibited from generating funding through the public schools, HED administers a statewide adult education system with 24 programs serving between 10 thousand and 12 thousand adults each year. HED reports the third-largest adult education program in HED is in the Corrections Department.

LESC analysis indicates the per-student cost of an adult student served by HED is significantly lower than that at Gordon Bernell. In FY19, HED's adult education program served almost 11 thousand students with a \$5.2 million state appropriation, for a per student cost of \$478. The per student cost is harder to determine at Gordon Bernell because of their mobility, but using the 1,000 figure cited by the school, LESC staff estimates a per student cost over \$3,000 for FY19.

For FY20, the Legislature increased the recurring general fund appropriation for the HED adult education program by \$3 million for a total of \$8.2 million, with the intent some of the money would be used to ease the transition of public school adult students into the HED system. HED allocated \$250 thousand to Gordon Bernell, according to LESC reports.

The LFC recommendation for FY21, which notes nearly 240 thousand of the state's 1.1 million adults have no high school degree and emphasizes the importance of increasing the number of adults with credentials to improve their earning potential, maintains HED adult education services funding at the FY20 level. HED requested a \$1.5 million reduction.

HED notes its adult education staff consists of 4.5 FTE and might not be adequate to monitor spending of the appropriation. Additional staff might be needed.

## **PERFORMANCE IMPLICATIONS**

According to LESC, significant differences in the ways the HED adult education program and PED fund services indicate the state could better oversee Gordon Bernell's adult student services performance through HED. HED reimburses providers based on a headcount of students who receive 40 or more hours of instruction per year, with additional funding for students who improve skills, obtain a high school credential, transition to college, or become employed shortly after existing the program. PED funds schools based on enrollment and the needs of the student and measures student and school performance through student proficiency on standardized tests and graduation rates, among other measures. Gordon Bernell reports to LESC it operates on a self-paced, mastery-based curriculum and measures success by skill acquisition or attainment of a high school credential, measures better aligned with HED's adult education program.

PED raises the concern that funding Gordon Bernell Charter School through HED could eliminate PED's ability to monitor and regulate student and school performance.

HED suggests it might need to create performance measures for the program, although six HED performance measures address adult education students.

## **ADMINISTRATIVE IMPLICATIONS**

PED argues HED does not have the authority to oversee kindergarten through 12<sup>th</sup> grade programs and cannot access the data systems PED uses to track public school reimbursements. HED notes existing staff might be inadequate for the additional program.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 88 appropriates \$3 million from the general fund to the Higher Education Department for adult basic education services statewide and \$7 million to HED for adult education services for students involved in the criminal justice system who were impacted by the establishment of age 22 as the maximum for public school students.

House Bill 152 and its near duplicate Senate Bill 112 appropriate \$6 million to a new adult education services fund to be administered by HED to provide funding to charter schools that serve adults in the public school system in FY21 and subsequent years. The bills set criteria for distributing the funds, assign statewide responsibility for all adult education services to HED, and appropriate \$200 thousand to HED for personnel to oversee the program.

## **ALTERNATIVES**

Instead of creating a separate funding mechanism for Gordon Bernell, LESC staff suggests the Legislature could increase funding for traditional adult education programs, including those at HED and within the Corrections Department. Along with HED, LESC staff says the Legislature could continue to hold Gordon Bernell harmless (maintain its funding) until the school can apply to serve as a HED-accredited adult education provider in FY21.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Gordon Bernell Charter School funding could drop by an estimated \$1.5 million.

HG/al