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FISCAL IMPACT REPORT

SPONSOR Trujillo ORIGINAL DATE 02/28/21
LAST UPDATED 03/02/21 HB 282/aHEC
SHORT TITLE External Diploma Program SB _____
ANALYST Becerra /Liu

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB263, Adult Diplomas Program

SOURCES OF INFORMATION

LFC Files

Legislative Education Study Committee 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 282 removes section 2 of the bill that redefined “qualified students.”

Synopsis of Original Bill

House Bill 282 (HB282) appropriates \$5 million to the Higher Education Department (HED) to administer the external diploma program in collaboration with the Public Education Department (PED).

HB282 amends the definition of a qualified student pursuant to Section 22-8-2 NMSA 1978 and adds a requirement that eligibility for certification and funding of an external diploma program is contingent on a public school being in existence prior to July 1, 2021. Provisions of the bill

require a public school providing an external diploma program receives \$5,000 per student enrolled in the program.

The effective date of this bill is July 1, 2021.

FISCAL IMPLICATIONS

HB282 appropriates \$5 million from the general fund to HED for expenditure in fiscal year 2022 for the administration of the external diploma program. Any unexpended or unencumbered balance remaining at the end of fiscal year 2022 will revert to the general fund. Although there is no mention of a recurring appropriation, the administration of such a program can be expected to continue in subsequent years and, thus, is identified as a recurring cost to the general fund.

There is currently no appropriation in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 specifically for an external diploma program; however, it does include a \$6.5 million appropriation from the general fund to HED to provide adults with education services and materials and access to high school equivalency tests.

SIGNIFICANT ISSUES

Current Efforts. HED administers New Mexico’s statewide adult education system and under the federal Workforce Innovation and Opportunity Act (WIOA) is required to collaborate with the Workforce Solutions Department (WSD) and the Division of Vocational Rehabilitation (DVR). Collaboratively, HED and WSD support the alignment of activities both at the state and local level. HED reports WSD and HED work together to guard against service delivery duplication while increasing access to services for adults seeking high school credentials, industry-related certifications, and postsecondary certificates and degrees. HED adult education providers and WSD often provide coordinated case management and support services.

HED works not only with WIOA core partners but also with postsecondary institutions across New Mexico to provide integrated education and job training aimed at helping adults gain employment, college credit, and high school equivalency credentials. In 2019-2020, HED received a state appropriation of \$6.2 million and \$4.2 million in federal funding under Title II of WIOA. With these funds, HED administered 24 programs statewide and reports the agency spent \$655.03 per student to serve 9,520 adult students statewide. HED reports a 371 percent return on investment of state funds in 2019-2020.

The provisions of HB282 seek \$5,000 per student in FY22. HED notes this differential raises a concern about the added value offered to adult learners as outlined in HB282 and whether such an appropriation might be able to support a greater number of adult learners. HED notes in its analysis the provisions of the bill indicate only public schools may provide an external diploma, which suggests existing state-funded adult education programs would be excluded from funding.

Investments. Education reform in the 2019 legislative session established an upper age limit of 22 years for public school students. Adult students enrolled in public school programs as of the third reporting period of the 2018-2019 school year would continue to be eligible for funding until they disenrolled. HED received \$5.2 million in recurring general fund revenue in FY19, \$6.2 million in recurring general fund revenue in FY20, and \$8.2 million in recurring general

fund revenue in FY21. Also during the 2019 legislative session, Laws 2019, Chapter 185, (Senate Bill 391) directed PED to authorize a PED-issued diploma program for adults who do not possess a high school diploma or high school equivalency credential. PED adopted rules to do so in January 2020 but has not authorized any programs to provide the diploma program.

ADMINISTRATIVE IMPLICATIONS

HB282 specifies the external diploma program should be administered by PED in collaboration with HED, with HED receiving the \$5 million appropriation. HED notes this may impact the federally funded Adult Education Division of HED, which currently funds and oversees 24 existing adult education programs. HED particularly notes the high differential between existing adult education programs' per-student cost and the per-student cost stipulated by HB282.

In its analysis of the bill, PED notes, currently, HED has more experience working directly with adult students and administers equivalency tests for adult nongraduates.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB263, Adult Diplomas Program.

TECHNICAL ISSUES

PED notes HB282 does not indicate the roles and responsibilities of each respective agency to administer the external diploma program.

HED notes, because the current adult education programs effectively prepare adults for high school equivalency exams, the duplication of services between the provisions of HB282 and the adult education division of HED could create conflict.

MB/SL/al