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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 1st Session, 2023

Bill Number HB448 **Sponsor** Trujillo/Gurrola/Herndon/Johnson/Sariñana
Tracking Number .223990.2 **Committee Referrals** HEC/HAFC
Short Title Dropout Recovery Act
Analyst Condon **Original Date** 3/2/2023
Last Updated _____

BILL SUMMARY

House Bill 448 (HB448) creates the Dropout Recovery Act and creates “dropout recovery schools,” which means a public or charter school, or a program within a public or charter school, which has received a designation by the Public Education Department (PED) as a dropout recovery school pursuant to the proposed Dropout Recovery Act. HB448 establishes annual reporting requirements for dropout recovery schools and PED.

HB448 amends Section 22-8-2 NMSA 1978 to make the definition of a “qualified student” more flexible so that designated schools may provide educational services to dropout students, and provides additional criteria for students that have dropped out of school to receive educational services for the purpose of re-engaging more dropout students and allowing them to complete their study.

HB448 defines "dropout" as a student who has abandoned the student's course of study and has not received a New Mexico high school diploma or high school equivalency credential.

The effective date is July 1, 2024.

FISCAL IMPACT

HB448 does not contain an appropriation.

The bill would direct PED to promulgate rules to determine a funding structure in which state equalization guarantee (SEG) funds are provided to dropout recovery schools. The bill also amends the Public School Finance Act (Chapter 22, Article 8 NMSA 1978) to change the definition of a “qualified student” that can generate funding through the SEG.

Funding for Dropout Students. HB448 requires PED to promulgate rules to determine a funding structure in which state equalization guarantee (SEG) funds are provided to the dropout recovery school either:

- On a per student basis in the same year in which the qualified student enrolled;

- Based on a per credit completed rate in the same year in which the qualified student enrolled; provided that no dropout recovery school shall receive more funding per student than the average annual cost per student and that credit completion shall be reported in a manner approved by the department; or
- Through traditional funding distributions based on the prior year's membership counts.

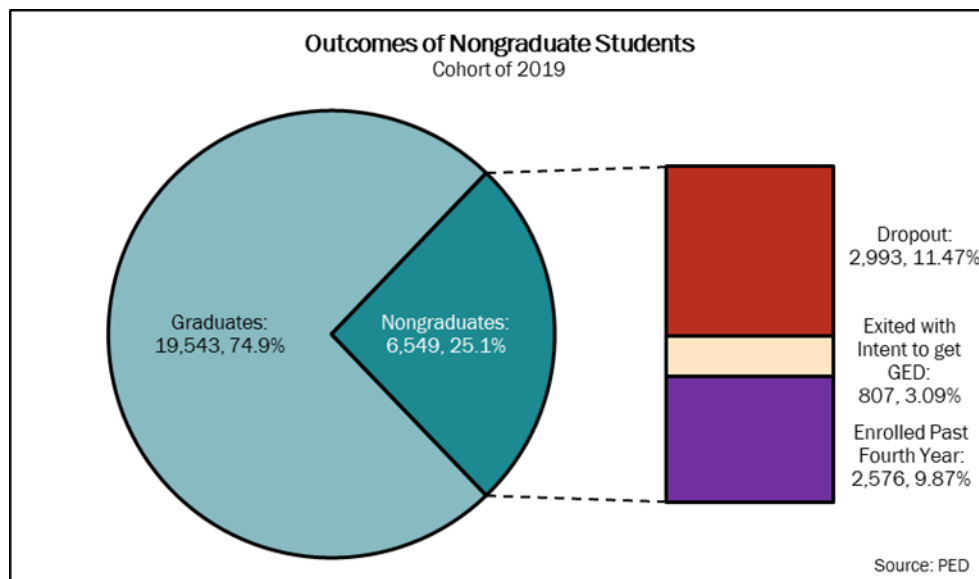
SUBSTANTIVE ISSUES

Dropout Recovery Programs. Beyond being an education issue, policymakers often frame dropout recovery as an economic issue given that students without a diploma or similar credential have limited employment prospects, can expect to make lower wages, and experience higher rates of poverty. Dropouts earn around \$10 thousand less each year than the average high school graduate according to the U.S. Census Bureau and are almost twice as likely to be unemployed.

Determining High School Dropout Rates. Nationally and at a state level, the high school dropout rate is calculated as the percentage of people ages 16 to 24 years old who are not enrolled in school and lack a high school diploma or its equivalent. PED categorizes non-graduates in four ways:

- *Still Enrolled:* Students who are continuing high school past a fourth year.
- *Exit Out:* Students who have exited with an intent to get a GED or other vocational credential.
- *Status Unknown:* Students who have dropped out or whose whereabouts are unknown.
- *Certificate:* Students who have completed coursework but did not pass an exit exam.

The category of “status unknown” represents the “true” dropout rate.



Qualified Student. Section 22-8-2 NMSA 1978 provides definitions for the terminology used in the Public School Finance Act, and defines a "qualified student" among other terms. HB448 makes changes to the age-related criteria so a “qualified student” means a student who:

- Has not graduated from high school;
- Is regularly enrolled in one-half or more of the minimum course requirements approved by the department (PED) for public school students; and

- In terms of age and other criteria:
 - (a) Is at least five years of age prior to 12:01 a.m. on September 1 of the school year;
 - (b) Is at least three years of age at any time during the school year and is receiving special education services pursuant to rules of the department;
 - (c) Has not reached the student's twenty-second birthday on the first day of the school year; or
 - (d) Has reached the student's twenty-second birthday by the first day of the school year, is counted in a school district's or charter school's MEM in the prior school year, has been continuously enrolled in a public school designated as a dropout recovery school and is still enrolled in that school.

In addition to students who meet the definition of a qualified student, HB448 specifies a dropout recovery school can also provide educational services to a student who has:

- Voluntarily removed the student's self from the school system before graduation due to hardship, court action, expulsion, medical reasons, pregnancy or marriage;
- Withdrawn from school because the student has failed to meet competency requirements and thereby has not received a New Mexico diploma of excellence;
- Been identified as chronically absent and failing to reengage in school after interventions pursuant to the Attendance for Success Act;
- Been expected to attend a school but did not enter as expected for unknown reasons or the student's whereabouts are unaccounted for; or
- Withdrawn from school but has not transferred to another public or private school or enrolled in any career, adult or home education or alternative educational program; or
- Based on the ratio of credits earned and student age, the student is not expected to graduate from high school before reaching the student's four-year cohort graduation date.

Dropout Recovery School. As written in HB448, PED can designate a public school as a dropout recovery school if the public school meets all of the following criteria:

- Has met the criteria of a dropout recovery school as provided by rules promulgated by the department;
- Provides educational services exclusively to qualified students who have officially been designated as meeting the definition of dropout; and
- Meets program performance standards established by PED.

Legislative Investments in Adult Education. A number of changes related to adult education took place in the 2019 legislative session. Prior to the 2019 legislative session, state law did not place an upper limit on the age of a public school student. 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. As HB448 changes the definition of a qualified student, it appears to again allow funding to be generated for certain students above the age of 22 so long as they enroll in a designated dropout recovery school and meet other qualifications as outlined in the bill.

ADMINISTRATIVE IMPLICATIONS

HB448 requires PED to promulgate a rule to identify the criteria of a dropout recovery school and determine a funding structure in which SEG funds are provided to dropout recovery schools.

In addition to promulgating rule, HB448 requires dropout recovery schools to annually report to PED their estimated enrollment for the following school year, and PED must annually report information to all schools that have been designated as a dropout recovery school pursuant to the Dropout Recovery Act. At the time of this analysis, a PED agency analysis was not available to determine PED's capacity to meet the stipulations of HB448.

In their agency analysis, the Children, Youth and Families Department (CYFD) states:

With respect to CYFD Juvenile Justice Services field clients (parole/probation/supervision), the designation of certain schools as dropout recovery schools could potentially add resources to support their educational needs. However, school-related sanctions are not part of standard juvenile probation conditions in this state. The court can add special conditions to the probation agreement to address school concerns, and those additions are made on a case-by-case basis and only if the court determines that it is in the client's best interest. Additionally, CYFD has performance measures concerning the educational stability of clients which may be positively affected by this bill.

SOURCES OF INFORMATION

- LESC Files
- Children, Youth and Families Department (CYFD)

BC/jkh/cf/mb