

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR Brandt/Kernan
LAST UPDATED _____
ORIGINAL DATE 2/5/23
SHORT TITLE Career Development Success Pilot Program
BILL NUMBER Senate Bill 211
ANALYST Helms

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$1,200.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Response Received From

Workforce Solutions Department (WSD)
 Higher Education Department (HED)
 New Mexico School for the Blind and Visually Impaired (NMSBVI)
 New Mexico Independent Community Colleges (NMICC)

No Response Received From

Public Education Department (PED)

SUMMARY

Synopsis of Senate Bill 211

Senate Bill 211 (SB211) appropriates \$1.2 million from the general fund to a new career development success fund administered by PED to support a three-year Career Development Success pilot program beginning in FY24. SB211 amends the Public School Code to provide per-student incentives of \$250 dollars to \$750 dollars on a sliding scale commensurate with program cost to participating school districts and charter schools for each secondary student completing eligible industry credentials or workplace training programs.

FISCAL IMPLICATIONS

The appropriation of \$1.2 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 and subsequent fiscal years within the pilot program shall revert to the general fund.

It is likely SB211 would expend at least \$525 thousand and more likely up to \$700 thousand of the \$1.2 million in its first year, which may then require consideration of an additional appropriation, or reducing the disbursements to schools, to ensure the \$1.2 million appropriation extends for the full three years, if the pilot extends three years as currently written. SB211 notes if the sum of awards exceeds available funds, awards would be proportionately reduced to cover all eligible awardees. A district cannot receive an incentive distribution for more than 10 percent of total credentials or programs within a given year.

Not including workforce training programs, secondary schools awarded 2,540 industry-recognized credentials in FY22. At the minimum \$250 dollar incentive, 2,540 credentials would distribute \$635 thousand if all districts and charters participated in the pilot program, yet LFC analysis notes credentials range widely in their likelihood to lead to a specific advantage or pathway in careers, from common credentials such as first-aid and CPR, harder to earn and more applicable credentials such as welding or phlebotomy. LFC analysis notes 17.2 percent of credentials are for first-aid and CPR. If the department did not include credentials that are less directed towards a specific career pathway in their list of eligible credentials, such as a general first-aid and CPR certification, total certificates for FY22 are reduced to 2,101 and would cost \$525 thousand at the minimum incentive of \$250 dollars.

Some districts, such as Gadsden with upwards of 300 total industry-recognized credentials not including first-aid and CPR, would not receive a distribution for every certificate, as SB211 caps any district's distribution at a maximum of 10 percent of total credentials and programs submitted within the pilot. Schools receiving the maximum disbursement of up to 10 percent of total credentials earned in a fiscal year would include Bernalillo, Clovis, and Gadsden schools, and could earn a minimum of \$52 thousand and more likely up to \$70 thousand given some credentials and programs will be valued higher than the minimum incentive of \$250 dollars. Additionally, small districts could have less incentive to participate in the program, as those with students earning less than 10 credentials, such as West Las Vegas, Des Moines, Clayton, or Los Alamos, have less cumulative gain than larger districts.

Although SB211 does not specify future appropriations, the pilot program could create an expectation that that level of funding will continue in future fiscal years.

SIGNIFICANT ISSUES

SB211 is a novel approach to incentivizing CTE participating at the district level. In partnership with WSD, HED, and community colleges and employers from in-demand industries, PED is required to maintain a list of eligible industry-recognized credentials; while there is the potential PED and WSD could include credentials that are not strongly correlated with career and college readiness, if PED developed high standards for eligible credentials, SB211 could have impacts on high-impact CTE program and credential availability.

While New Mexico shows significant investments in CTE for FY23, upwards of \$10 million in direct state funding (up from \$4.5 million in state CTE funding in FY20) and \$4.2 million in federal funding in FY23, LFC analysis has noted difficulty in tracking outcomes for CTE investments. SB211 also requires PED to collect and analyze student data, program and instructor data, and annually provide information about the program to non-participating districts. SB211 also requires PED to compile an annual reports for the Legislative Education

Study Committee (LESC) and the governor on the efficacy of the pilot program, including whether more students earned credentials than previous to program creation, and whether they graduated and went on to college, and whether their career choices were related to the credentials earned. It is not clear if PED has current capacity to fulfill reporting requirements within SB211.

New Mexico's current investments in CTE include a CTE fund and a CTE pilot known as the NextGen program, both established during the 2019 legislative session. The Next Gen CTE Pilot authorizes the Public Education Department to make grants to school districts and charter schools to establish CTE programs or provide professional development and training to CTE teachers. The FY23 General Appropriations Act appropriated \$10 million to CTE programs, \$4 million of which PED appropriated to NextGen programs, and the FY24 LFC budget recommendation includes \$15 million for CTE, a 50 percent increase from FY23.

Beyond CTE, the Public Education Department's College and Career Readiness Bureau also administers other programming including Careers2Communitites, dual credit programs and partnerships, support for Advanced Placement college credit exams, Free Application for Federal Student Aid (FAFSA) help, and the department's summer enrichment internship programs.

PED funds for NextGen were distributed to 40 school districts, 17 charter schools, and five coordinating agencies with awards ranging from \$2,948 to Quemado Independent Schools to over \$1 million to Albuquerque Public Schools. Secondary (and post-secondary) schools also received \$4.2 million in federal CTE funding, known as Perkins grants.

Department of Workforce Solutions analysis for SB211 notes:

Under the definitions of this proposed legislation, 'qualified workplace training programs' include internship programs, apprenticeship programs, or pre-apprenticeship programs. As the agency with oversight over the apprenticeship programs in New Mexico, WSD will be involved in ensuring that these apprenticeship programs have the capabilities of accommodating the potential increase in enrollment in apprenticeship or pre-apprenticeship programs. Currently, these programs are funded by the Public Works Apprenticeship Training fund. Additional funds may be required to cover additional costs of these programs. WSD supports programs that encourages students to complete qualified industry credential programs and qualified workplace training programs as it contributes to a skilled and specialized labor force with potential for higher wages and benefits.

New Mexico Independent Community Colleges (NMICC) analysis notes:

SB211 provides an opportunity for New Mexico's community colleges to not only assist in developing the annual list of industry-recognized credentials but to also work closely with New Mexico's school districts and charter schools, training New Mexico's high school students who are participating in the career development program.

While New Mexico School for the Blind and Deaf notes they have a workforce training program, they would not be eligible for funds in SB211 as written.

ADMINISTRATIVE IMPLICATIONS

The reporting requirements of SB211 require PED to carefully track student outcomes for at least

2,000 students per year. This may require significant additional work for PED outside of usual measures on student outcomes, leading to increased staff costs if current staff were not available for the requirements in the annual report. WSD also notes it would be beneficial to the program if the annual reporting requirements included whether a student entered a registered apprentice program in addition to the requirements as currently outlined.

RELATIONSHIP

Relates to House Bill 198, Career Tech Funds for Indian Ed Schools, which amends state statute to include secondary schools funded by the Bureau of Indian Education in the NextGen CTE pilot project. Relates to Senate Bill 108, which creates a career technical education program unit of 0.25 as part of the state equalization guarantee, the state's public education funding formula.

SB211 relates to Senate Bill 108 creating a CTE program unit of 0.25 per participating student within the public school funding formula, and to House Bill 198 amending statute to include secondary schools funded by the Bureau of Indian Education as eligible within the NextGen CTE pilot project.

OTHER SUBSTANTIVE ISSUES

HED analysis notes:

SB211 has many similarities to previous legislation surrounding college and career-readiness pathways, such as 2022's HB159. College and career pathways are an evidence-based strategy for improving student outcomes. Several studies have found participation in college and career pathways has a positive effect on a student's grade point average, graduation, postsecondary enrollment, and acquisition of industry-recognized credentials. The National Center for College and Career states college and career pathways should include a rigorous blend of career technical and traditional academic instruction as well as real-world technical skills, opportunities for work-based learning, and personalized student supports. Effective college and career pathways encompass many programs commonly referred to as career technical education (CTE).

Career and Technical Education (CTE) programs are planned course sequences of academic core content and technical skills, which focus on a specific career cluster and prepare students to successfully transition toward their career goal. CTE programs typically are one-year or two-year postsecondary programs culminating in a career readiness certificate, associate's degree, or other industry recognized credential.

NMICC analysis notes:

While SB211 specifies how the participating school districts and charter schools will receive the incentive funding, it does not provide direction on how higher education institutions who train the high school students in qualified industry credential programs will be compensated for the expenses incurred in the training programs.