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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 2nd Session, 2024

Bill Number	<u>SB67</u>	Sponsor	<u>Brandt/Hernandez</u>
Tracking Number	<u>.226947.1</u>	Committee Referrals	<u>SCC/SEC/SFC</u>
Short Title	<u>Career Development Success Program</u>		
Analyst	<u>Hathaway</u>	Original Date	<u>1/19/24</u>
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FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

BILL SUMMARY

Synopsis of Bill

Senate Bill 67 (SB67) creates the Career Development Success pilot program and a corresponding fund for appropriations to the program. The pilot would last three years and be administered by the Public Education Department (PED) to provide financial incentives to school districts whose students earn industry-recognized credentials by completing qualified industry credential programs or qualified workplace training programs. SB67 defines relevant terms and provides minimum and maximum award amounts for schools, as well as requirements and guidance for PED to administer the program.

FISCAL IMPACT

SB67 appropriates \$1.2 million from the general fund to the career development success program fund for expenditure in FY25 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of FY25 shall not revert to the general fund.

The \$1.2 million in funding would be used by PED to provide awards to school districts whose students earn industry-recognized credentials. Award amounts must range from \$250 per credential earned to \$750 per credential earned, and are limited to one award per student. SB67 also stipulates the following in regard to dispersing funds:

- PED must establish a tiered system of funding so programs that are more expensive to provide generate higher awards;
- A student at each participating school district may generate only one award;
- If the statewide sum of awards exceeds the amount of money appropriated, awards shall be reduced proportionally to cover all eligible awardees; and
- A single participating school district shall not receive a distribution for more than 10 percent of the total number of completed industry-recognized credentials reported by school districts.

LESC staff anticipate the \$1.2 million appropriation is sufficient to cover the cost of credentials currently being earned by New Mexico students. In the 2021-2022 school year, the most recent data available, students in New Mexico schools earned 2,540 credentials. SB67 requires a tiered system of funding to be established by PED. Given the range of award amounts specified by SB67, \$250 to \$750 per credential, the total cost of the bill would be between \$635 thousand and \$1.9 million. SB67 contains sufficient funding to provide awards of approximately \$472 per credential earned based on 2021-2022 data. Should the number of credentials earned increase, SB67 also contains provisions for funds to be reduced proportionally to cover all eligible awardees.

SUBSTANTIVE ISSUES

Through a variety of career technical education (CTE) programs, high school students in New Mexico often have the opportunity to earn credentials or certificates for use in the workplace while also earning course credits. Data from PED indicates there were 2,540 such credentials earned by New Mexico students in the 2021-2022 school year. Currently, school districts and charter schools most often fund the cost to obtain these credentials through either state or federal CTE awards the school district may receive, or through their operational budgets, which are allocated as part of the state equalization guarantee (SEG), the state's public school funding formula.

Research shows industry credentials are most valuable to students when they align with workplace and private sector expectations—in other words, when the credential earned is one that is viable for a student to use in the workforce and not created by a school. SB67 aligns to this best practice by providing incentives only for industry-recognized credentials and requiring PED to develop and maintain a list of eligible credentials. PED would be required to develop and maintain this list in partnership with the Workforce Solutions Department (WSD), the Higher Education Department (HED), New Mexico's community colleges, and employers from in-demand industries.

SB67 defines “industry-based credential” to mean “a credential that is recognized by business and industry at the local, state or national level, which includes a verification of an individual's qualification or competence.” These credentials would be earned through “qualified industry credential programs,” which SB67 defines to mean “a career technical education program that, upon completion, results in an industry-recognized credential.”

Credentials in New Mexico. During the 2021–2022 school year, PED reports there were 2,540 credentials earned by New Mexico students from 20 school districts. The types of credentials earned by students varies. Some students earn basic certifications such as first aid/CPR training, while other students earn certifications in welding or toward phlebotomy technician licenses. The cost to provide such certifications can differ greatly based on the time it takes a student to earn the credential, how technically challenging it may be to earn, and what equipment or resources are required of school districts to offer programs. SB67 would allow PED to establish a tiered system of funding to provide higher awards for certain credentials, however, it does create a requirement that awards must be at least \$250 and no more than \$750.

CTE Funding in New Mexico. CTE is funded with a mix of state and federal investments. In addition to state and federal funds, schools may also use local resources to fund CTE programs using operational funds through their SEG allocations as well as private investments, grants, monetary contributions, gifts of equipment and supplies, and in-kind donations.

State Level CTE Funding: NextGen CTE pilot project. In 2019, the Legislature created the “Career Technical Education pilot project,” which is known in PED and by schools in New Mexico as the NextGen CTE pilot project. The Legislature also created a corresponding CTE fund. The NextGen CTE pilot project is a seven-year pilot project to fund CTE programs at the state level. The pilot project includes key criteria for effective programs such as rigorous academics, relevant technical instruction, and pathways to postsecondary education, but it does not include opportunities for work-based learning or student supports.

Prior to the creation of the pilot project, there was no dedicated state-level funding stream for CTE initiatives. The Legislature appropriated, from the CTE fund, \$4.5 million in FY20, \$5 million in FY21, and \$3 million in FY22. For FY23, the Legislature did not appropriate funding to the specified CTE fund and instead made a \$10 million appropriation to PED for “career technical education initiatives and equipment.” The department used about \$4 million of this funding for NextGen CTE pilot project awards. For FY24, the Legislature appropriated \$40 million in CTE funding, of which \$14.4 million was used to fund the NextGen CTE pilot project, \$11.4 million was used to fund PED’s “Innovation Zones” initiative, \$8 million was used to support work-based learning, and the remaining \$6.2 million was used for a wide range of additional CTE and college and career readiness initiatives, including contracting with organizations and regional education cooperatives, career technical student organization supports, staff and bureau support at PED, training, dashboards, and technical assistance.

NextGen CTE Awards. In FY24, PED made NextGen CTE pilot project awards to 69 school districts, 28 charter schools, seven Bureau of Indian Education controlled schools, and two regional education cooperatives. The total amount of NextGen CTE awards was \$14.4 million and awards ranged from a low of \$2,472 (Springer Municipal Schools) to a high of \$1,043,270 (Albuquerque Public Schools).

Federal CTE Funding. In addition to state funding, New Mexico receives federal funding for CTE programs. The Strengthening Career and Technical Education for the 21st Century Act, commonly known as Perkins V, is the federal law that establishes funding for CTE from the federal government to states. For FY23, the state received \$10.4 million for its [Perkins award](#).

ADMINISTRATIVE IMPLICATIONS

PED would be charged with the administration of this program, including staffing, establishing, and administering the program. It would also be required to establish criteria to create a tiered system of funding incentives with greater amounts for programs that are more costly to provide. PED would also be required to promulgate rules for the administration of the program and maintain a list of eligible industry-recognized credentials in partnership with WSD, HED, in-demand employers, and community colleges in New Mexico. Further, the department would be charged with providing information about the program to school districts and with providing an annual and final report to the Legislature and the governor. PED currently has a College and Career Readiness Bureau that oversees similar programming. This bureau may be able to adopt this program into its current workflow.

SOURCES OF INFORMATION

- LESC Files