



N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act:

**SECTION III: NARRATIVE**

**BILL SUMMARY**

House Bill (HB272) relates to education. Establishes the Trade Education Assistance Act to create the Trade Education Assistance Fund, which directs the New Mexico Higher Education Department (NMHED) to establish a stipend program for individuals in trade education programs approved by the department to train individuals to qualify for licenses or certificates of competence issued pursuant to the Construction Industries Licensing Act. HB272 makes an appropriation of one hundred million dollars (\$100,000,000) from the General Fund to the trade education assistance fund for expenditure in Fiscal Year 2026 (FY26) and subsequent fiscal years.

NMHED's analysis of this bill focuses on the higher education implications of the proposed legislation. Additional insight may be obtained from other agencies' analyses.

**FISCAL IMPLICATIONS**

HB272 appropriates one hundred million dollars (\$100,000,000) is appropriated from the General Fund to the Trade Education Assistance Fund for expenditure in FY26 and subsequent fiscal years for the purpose of implementing the provisions of the Trade Education Assistance Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the General Fund.

The Trade Education Assistance fund is non-reverting fund in the State Treasury.

## SIGNIFICANT ISSUES

HB272 proposes to provide stipends to students meeting the following eligibility requirements:

- Be a resident of New Mexico;
- Has earned a high school diploma or its equivalent at least two years prior to being awarded a stipend but has not earned a baccalaureate degree;
- Is participating in a trade education program, as defined by NMHED;
- Claims at least one dependent on their federal or state income tax return and is not claimed as a dependent on another individual's tax returns; and
- Has complied with other rules set forth by NMHED.

Awards may not be renewed for more than two years. A student cannot receive more than thirty thousand dollars (\$30,000) per calendar year. The award may be terminated if a recipient fails to meet satisfactory participation per NMHED rules. Stipends are intended to go toward students' living expenses.

According to a Legislative Finance Committee (LFC) report from January of 2024, the state likely needs several thousand additional construction workers to meet demand. The Associated Builders and Contractors estimated the United States needed an additional five hundred and 546,000 construction workers, on top of normal seasonal hiring, to meet national demand for construction in 2023. Based on New Mexico's share of the national construction labor force in 2023, the state needed approximately 3,600 additional workers in addition to seasonal hiring. The construction labor force in New Mexico typically grows by roughly 1,600 seasonal workers between the winter off-season and peak demand during the summer and early fall. Assuming the state held to normal seasonal hiring patterns, in 2023, the state would have needed about 5,200 workers (1,600 seasonal hires plus 3,600 additional workers). From January to November 2023, the state added 3,200 workers, 2,000 less than the estimated need. Given that New Mexico has seen some of the largest growth in construction spending among states, this rough estimate likely underestimates the scope of the labor shortage in New Mexico.

The definition of trades and eligible programs is undefined in this bill. HB272 is proposing for eligible trades training programs leading to a licensure or certificate pursuant to the Construction Industries Licensing Act. The activities under the contractor licensure would be required (Section 60-13-3) and trade bureaus which cover subsets of those activities (Sections 60-13-32 and 60-13-32). Furthermore, the terms "trades," "career technical," and "vocational" are often used interchangeably to describe the same or similar educational pathways.

## PERFORMANCE IMPLICATIONS

HB272 does not outline specific performance measures. If funded, NMHED could develop performance measures for the program.

## ADMINISTRATIVE IMPLICATIONS

NMHED is requesting an additional full-time employee (FTE). The establishment of the Trade Education Assistance Fund program necessitates comprehensive monitoring to ensure its effectiveness. To support this legislation, one full-time Financial Coordinator III (pay band 75) will be required to manage participant and financial reporting. This position will independently oversee program, policy, and budget analysis across multiple funding sources, while performing highly complex technical, professional, and administrative work that involves formulating and directing overall program and accounting functions. The annual salary for this FTE ranges from a minimum of sixty-one thousand five hundred thirty-one dollars (\$61,531) to a maximum of ninety-eight thousand four hundred forty-nine dollars (\$98,449) annually.

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

#### TECHNICAL ISSUES

N/A

#### OTHER SUBSTANTIVE ISSUES

N/A

#### ALTERNATIVES

N/A

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

If HB272 is not enacted, one hundred million dollars (\$100,000,000) in non-recurring funds would not be appropriated from the General Fund. A Trade Education Assistance fund would not be created, nor would the associated stipends be issued to students that may have qualified.

#### AMENDMENTS