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

Bill Number HB208 **Sponsor** Montoya/Brown/Castellano/De La Cruz/Madrid
Tracking Number .227231.1 **Committee Referrals** HEC/HAFC
Short Title Trade Education Assistance Act
Analyst Hathaway **Original Date** 2/7/2024
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BILL SUMMARY

Synopsis of Bill

House Bill 208 (HB208) creates the “Trade Education Assistance Act,” which would be administered by the Higher Education Department (HED). The proposed act would charge HED with approving trade education programs and awarding stipends to eligible recipients based on the proposed provisions of the bill. The bill includes eligibility criteria, defines what a trade education program is, and establishes reporting requirements for HED related to the proposed bill.

HB208 also creates a corresponding “trade education assistance fund” as a nonreverting fund in the state treasury to fund the proposed trade education stipends and includes a \$100 million appropriation to the proposed fund.

The effective date of the bill is July 1, 2024.

FISCAL IMPACT

The bill appropriates \$100 million from the general fund to the proposed trade education assistance fund for expenditure in FY25 and subsequent fiscal years for the purpose of implementing the provisions of the proposed Trade Education Assistance Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

Given a lack of data on programs that would be eligible under the proposed act, as well as the number of potential eligible program participants, whether the \$100 million would be sufficient is indeterminate.

SUBSTANTIVE ISSUES

Proposed Act and Eligibility. HB208 proposes an act, and a corresponding fund, that would offer stipends to eligible New Mexico residents participating in “trade education programs” approved by HED. The bill charges HED with approving “trade education programs,” determining eligibility, awarding proposed stipends, promulgating rule to implement the proposed act, and

reporting information about the program to the Legislative Finance Committee and the Department of Finance and Administration.

- **Trade Education Program.** The bill defines a “trade education program” as a program approved by HED to train individuals to qualify for licenses or certificates of competence issued pursuant to the Construction Industries Licensing Act.
- **Eligible Recipients.** HB208 notes an individual may be awarded a stipend if they meet the following five criteria: 1) is a resident of New Mexico; 2) has earned at least a high school diploma or its equivalent at least two year prior to being awarded a stipend, but has not earned a baccalaureate degree; 3) is participating in a trade education program as defined in HB208; 4) claims at least one depending on the their individual federal or state income tax return and is not claimed as a dependent on another individual’s federal or state income tax return; 5) has complied with other rules promulgated by HED to carry out the proposed provisions of HB208.
- **Stipends.** HB208 notes stipends may be awarded for periods no longer than six months and may not be renewed for more than two years. Stipends may be used for living expenses incurred while participating in a program approved by HED and shall not exceed \$30 thousand per calendar year. Further, stipends may be terminated if a recipient fails to meet satisfactory participation under any rules that would be written by HED.

LESC analysis of the criteria noted above suggests the proposed stipends are intended to be awarded to adults with dependents that are pursuing trade occupations as noted in the Construction Industries Licensing Act.

Construction Industries Licensing Act. Current law establishes the “Construction Industries Licensing Act” in Chapter [60](#), Article [13](#) NMSA 1978. This act appears to recognize only activities for which contractor, subcontractor, specialty contractor, and construction manager licenses would be needed. It does not contain a definitive list of trades or occupations, however, which may leave some ambiguity in what specific trades are covered. As written in HB208, HED may be able to clarify some of this in administrative rule.

HED, in its analysis of HB208, writes that the definition of trades and eligible programs is an outstanding issue in the bill. HED also writes: “the terms “trades,” “career technical,” and “vocational,” are often used interchangeably to describe the same or similar educational pathways. Statewide, there is no formal definition for any of these terms, and they may have different meanings for different audiences. As such, while HB208 only uses the term trades, the fields of eligible programs need to be formally defined, either by [HED] in its proposed rulemaking authority or by the legislature.” HED also notes it is unclear if all training programs would be eligible, including programs run by higher education institutions, those by industry, apprenticeships, or other workforce training programs.

LESC staff analysis notes HED is charged, per HB208, with approving programs and may be able to clarify some of this in rulemaking pursuant to the bill.

Demand for Building and Construction Workforce. There is strong demand for additional employees in building and construction trade roles. The Associated Builders and Contractors, a national construction industry trade association, [projects](#) that in 2024, the United States construction industry needs to attract just over 500 thousand new workers to meet demand. It is unclear how many building and construction workers are needed specifically in New Mexico, but rising construction costs are a known issue for both public and private construction projects—

LESC in particular has looked at rising construction costs related to public school buildings and has identified that a lack of workforce is one factor driving up construction costs. HB208 appears to address some of these workforce needs, but does leave some ambiguity in which programs would be eligible for stipends.

Non-Credit Programs or Certificates. Nationally, non-credit certificates or programs refer to a set, or sequence, of classes that provide students with development and competencies in a specific subject area, but that do not award college credit for those courses. Non-credit certificates or programs are often utilized by working adults or professionals that allow for a student to earn a credential in a shorter amount of time than a traditional program at a postsecondary institution. LESL staff analysis of New Mexico higher education institution course offerings found that courses that are non-credit bearing cover professions such as paralegal services, cybersecurity, data science, supply chain management, project management, and automotive and aviation technology, among many others.

Overlap with the Opportunity Scholarship. Some of the programs intended to be covered by HB208 may also be targeted by the Opportunity Scholarship—however one important distinction is that HB208 appears to cover living costs and expenses, rather than tuition and fees.

- ***History of the Opportunity Scholarship.*** The Opportunity Scholarship was created in 2022. It allows students to receive scholarships up to the amount of tuition and fees for state public higher education institutions and tribal colleges. When the Opportunity Scholarship and its corresponding fund were created, it also rolled two existing scholarship programs—the college affordability grant fund and the Legislative Endowment Scholarship Program—into the opportunity scholarship fund.
- ***Eligibility for the Opportunity Scholarship.*** Eligibility for the Opportunity Scholarship is limited to New Mexico residents who have not earned a bachelor’s degree and who are enrolled at least-half time (with half-time defined as enrollment in at least six credit hours). The Opportunity Scholarship may be awarded for only one credit bearing certificate, one associate degree, or one bachelor’s degree. Scholarships for students earning credit bearing certificates may be awarded only when data indicates the certificate is in high demand by New Mexico employers. Students with special needs or other mitigating circumstances may petition for a waiver of eligibility on a per semester basis.
- ***Non-Credit Programs.*** One ongoing concern with the Opportunity Scholarship is that it cannot be used for non-credit programs. Nationally, non-credit certificates or programs refer to a set, or sequence, of classes that provide students with development and competencies in a specific subject area, but that do not award college credit for those courses. Non-credit certificates or programs are often utilized by working adults or professionals that allow for a student to earn a credential in a shorter amount of time than a traditional program at a postsecondary institution.

In its analysis of HB208, the University of New Mexico (UNM) notes its Valencia campus, in particular, has five programs that may meet eligibility of as proposed by HB208—however, most of these students pay for programs with existing scholarship opportunities. UNM notes HB208 may help with other costs, such as living expenses. It is unclear, however, how implementation would intersect with existing scholarship programs in the state. HB208 would leave much of the decisions about administration to HED.

ADMINISTRATIVE IMPLICATIONS

HB208 would charge HED with administration of the proposed act. This would include approving programs, awarding stipends, promulgating rules as necessary, and reporting on the act each year. It is unclear if HED would be able to cover the costs of this program with existing staff. HED also notes the New Mexico State Treasurer's Office would administer this program pursuant to vouchers signed by the secretary of higher education or the secretary's authorized representative. If apprenticeship programs are also included, the New Mexico Department of Workforce Solutions may also have an administrative role.

In its analysis of HB208, the New Mexico Independent Community Colleges (NMICC) notes that many of its member community colleges provide both for-credit (traditional academic model) and non-credit (workforce training) instruction. NMICC notes non-credit courses are ineligible for federal financial aid and state financial aid, notably the Opportunity Scholarship. NMICC writes “the inability to pay for living expenses while training in a non-credit educational program is one of the reasons why students do not enroll or if they have enrolled, one of the reasons they drop out of their noncredit training program.” Despite this need, NMICC notes HB208 would only provide stipends to students who qualify for licenses or certificates issued pursuant to the Construction Industries Licensing Act.

UNM, in its analysis of HB208, indicates there would not be significant fiscal implications because the stipends would be awarded by HED. UNM also notes its Valencia campus has fewer than five programs that would qualify under the new program and anticipates no significant issues for the campus—UNM also writes, however, that “most of our students receive financial aid from other sources; these stipends would further enable students to succeed in their education by providing economic support for various areas of their lives.”

QUESTIONS

As written, HB208 proposes an act that could be better understood by having data and information on the following questions:

- How many programs in New Mexico would potentially be eligible for inclusion by HED in program count?
- How many eligible recipients might this program impact?
- What are New Mexico’s specific workforce shortages in construction and trade industries?
- What existing programs in the state may already provide financial aid?
- Should trade program be defined more clearly given ambiguity in the Construction Industries licensing Act about what specific occupations would be eligible for stipends as proposed by HB208?

RELATED BILLS

Relates to House Bill 100, Adult Online Learner Scholarship Act, which creates the Adult Online Learner Scholarship Act and the corresponding “adult online learner scholarship program,” a new postsecondary educational scholarship program. This proposed program would be administered by HED and would offer scholarships for adults ages 26 and older to earn degrees and certificates online.

SOURCES OF INFORMATION

- LESC Files
- Higher Education Department (HED)
- University of New Mexico (UNM)
- New Mexico Independent Community Colleges (NMICC)

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