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FISCAL IMPACT REPORT

			ORIGINAL DATE	1/23/18		
SPONSOR	Reh	m	LAST UPDATED	1/24/18	HB	30
SHORT TITLE		Soft Skills Education Programs			SB	

ANALYST Liu

<u>APPROPRIATION</u> (dollars in thousands)

Appropr	iation	Recurring	Fund Affected	
FY18	FY19	or Nonrecurring		
	\$250.0	Recurring	General Fund	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION LFC Files

<u>Responses Received From</u> Higher Education Department (HED) Regional Education Cooperatives Association (RECA) Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 30 appropriates \$250 thousand from the general fund to PED for development and implementation of soft skills education programs for high school students in FY19.

FISCAL IMPLICATIONS

The bill contains a general fund appropriation for PED. Any unexpended or unencumbered balance remaining at the end of FY19 will revert to the general fund. The appropriation is not part of the PED request and is not included in the FY19 executive nor LFC recommendation.

SIGNIFICANT ISSUES

PED notes the bill is vague as to what soft skills education program is envisioned, and it does not define soft skills education. It does not address if the expenditure is for a pilot program, or if all high school students should receive services. HED notes the bill does not define "soft skills," but suggests the term is often used to describe skills that fall into three categories: people skills, social skills, and personal career attributes. HED references a 2010 California Job Journal study,

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which found 75 percent of long-term job success was dependent on people skills, and suggests that a course or sequence of courses teaching communication, integrity, professionalism, responsibility, teamwork, and work ethic may be beneficial to students as they pursue higher education and future careers.

According to a 2012 University of Chicago study, soft skills include those skills beyond test scores such as personality traits, motivations, goals and preferences that are valued in the labor market. These skills are often valued in school and by employers in the future. Achievement tests may not fully capture student soft skills and are often validated using other achievement tests or measures of cognitive ability. The 2012 study provided examples where "soft skills" were able to directly predict future success. In one example, GED recipients were found to perform about as well as non-college high school graduates on achievement tests and significantly better than dropouts but were more likely to engage in risky behavior, such as drug use and criminal activity, than dropouts.

A 2010 Econometrica study found that self-productivity becomes stronger as children become older, for both cognitive and personality traits. The findings suggest it is more difficult to compensate for the effects of adverse environments on cognitive endowments at later ages than it is at earlier ages. This finding is consistent with evidence in related studies on the ineffectiveness of cognitive remediation strategies for disadvantaged adolescents. A 2006 report in the *Handbook of the Economics of Education* found that 16 percent of the variation in educational attainment in a study of adolescents was explained by cognitive traits, 12 percent was due to personality (socio-emotional traits), and 15 percent was due to measured parental investments.

ADMINISTRATIVE IMPLICATIONS

RECA and HED note that development and implementation of soft skills programming may increase administrative responsibilities and duties for PED. PED anticipates that oversight of the soft skills education program would require 0.5 FTE.

OTHER SUBSTANTIVE ISSUES

PED indicates the agency already supports soft skills initiatives and suggests allocating funds to an existing but limited program instead of developing a new program. PED supports Jobs for Americas Graduates (JAG) through an appropriation of federal funds received through the Carl D. Perkins Career Technical Education Act. JAG is a national program that develops soft skills for high-need high school students. PED notes the bill might be strengthened by specifying an allocation to expand JAG to additional locations.

Career Technical Education (CTE) and Career Technical Student Organizations (CTSOs) are also supported through an appropriation of federal funds received through the Carl D. Perkins Career Technical Education Act. CTE and CTSO provide hands-on learning that is aligned to workforce needs. Both CTE and CTSOs operate with active business advisory boards that strive to instill soft skills into the high school curriculum. Allocating funding specifically to workbased education programs as part of CTE is another way to support the development of soft skills in high school, and would offer additional benefits as CTE students learn technical skills that are applicable to a career or trade.

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PED currently oversees the dual credit instructional materials appropriation. The appropriation of funds for specific college courses to develop soft skills, delivered through dual credit, is another opportunity to support the development of soft skills without developing a new program. Non-profit providers in the community, such as Junior Achievement and Mission Graduate, also strive to develop soft skills. These programs might be appropriate partners for a state-wide soft skills program.

WorkKeys is a nationally recognized assessment that evaluates applied skills. The Department of Workforce Solutions provides free WorkKeys assessments to any New Mexico resident, and the test is used by many employers in New Mexico. Specifying a soft skills education program that prepares students to be successful on WorkKeys would make expectations for specific performance outcomes explicit.

SL/sb/al/jle