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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
54th Legislature, 2nd Session, 2020

Bill Number	<u>SB37</u>	Sponsor	<u>Soules</u>
Tracking Number	<u>.216135.1</u>	Committee Referrals	<u>SEC/SFC</u>
Short Title	<u>HED Approp to Offset Cost of Waiving Tuition</u>		
Analyst	<u>Kennedy</u>	Original Date	<u>1/28/2020</u>
		Last Updated	<u>2/7/2020</u>

BILL SUMMARY

Synopsis of Bill

Senate Bill 37 (SB37) would appropriate \$10 million to the Higher Education Department (HED) to provide funding for public postsecondary educational institutions to offset costs incurred in waiving tuition for high school students in the state's dual credit program.

FISCAL IMPACT

The bill appropriates \$10 million from the general fund to HED for expenditure in FY21. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

In addition to state funding postsecondary institutions already receive to offer dual credit courses, the appropriation included in HB172 would represent an additional 57 percent increase in funding for the dual credit program. Beginning in FY13, state funding for the dual credit program was included in the base funding amount for higher education. The Legislative Finance Committee (LFC) estimates New Mexico colleges received approximately \$16.5 million in FY18 to serve nearly 21 thousand dual credit students. By the same estimates, state funding for dual credit stood at approximately \$17.2 million in FY20. The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS) includes approximately \$5 million in adjustments to colleges that offer dual credit courses. New Mexico student enrollment in dual credit courses has increased 115 percent in the last 10 years and the number of dual credit courses taken has increased 139 percent.

SUBSTANTIVE ISSUES

Public Education Department (PED) administrative rule 6.30.7 NMAC requires public postsecondary institutions to waive tuition fees for students taking dual credit courses, though this rule appears to conflict with statute. Section 21-1-1.2 NMSA 1978 requires public schools to pay for required textbooks and other course materials for dual credit courses, requires public postsecondary institutions to waive all general fees for dual credit courses, and directs HED to

encourage postsecondary institutions to waive tuition for dual credit students. PED may have exceeded its statutory authority by requiring postsecondary institutions to waive tuition fees for dual credit students.

The state provides additional funding to help public schools pay for dual credit instructional materials. HB2/HAFCS includes \$1.5 million for dual credit instructional materials.

Declining college enrollment may increase the capacity of postsecondary institutions to offer dual credit courses to high school students without additional funding. In the last five years, college enrollment has decreased by 14 percent. Assuming colleges are not laying off faculty in response to decreased enrollment, there are likely empty seats in college courses that dual credit students can fill. However, analysis from New Mexico Independent Community Colleges claims community colleges hire fewer part-time faculty when enrollment declines, suggesting these schools do not have excess capacity to enroll dual credit students. In addition, roughly one-third of dual credit instruction is delivered in high schools, which incurs an additional marginal staffing cost for colleges.

ADMINISTRATIVE IMPLICATIONS

Analysis from HED indicates SB37 would require the department to develop a methodology for awarding funds to institutions that offer dual credit courses.

OTHER SIGNIFICANT ISSUES

HED's analysis notes the proposed funding level is insufficient to provide 100 percent tuition reimbursement to all colleges that offer dual credit courses, but does not indicate how much funding would be necessary to provide 100 percent reimbursement. Analyses from the University of New Mexico, New Mexico State University, Eastern New Mexico University, Santa Fe Community College, and Mesalands Community College state the appropriation included in HB172 will reimburse the colleges for unfunded costs and free up operating budget funds for other purposes.

Analysis from PED notes a dual credit advisory committee consisting of representatives from PED, HED, and postsecondary institutions recommends the state initiate a pilot project to study the true cost of waiving tuition for dual credit courses. The advisory committee proposes studying 10 pilot postsecondary institutions and their feeder school districts and charter schools at a cost of \$10 million.

Dual credit is an evidence-based strategy to improve student performance. The dual credit program allows high school students to take courses that simultaneously satisfy high school graduation requirements and award credit toward a postsecondary degree or certificate at little to no personal cost. The opportunity for students to take dual credit courses is essential to an effective system of college and career pathways. College and career pathways increase the engagement of high school students by making their education relevant, equip students to pursue their education and career goals, and have been shown to improve graduation rates, GPA, college matriculation, and other student outcomes.

RELATED BILLS

Duplicates HB172, Dual Credit Program Funding.

SOURCES OF INFORMATION

- LESC Files
- Higher Education Department (HED)
- University of New Mexico (UNM)
- New Mexico State University (NMSU)
- Eastern New Mexico University (ENMU)
- Santa Fe Community College (SFCC)
- Mesalands Community College (MCC)
- New Mexico Independent Community Colleges (NMICC)
- Public Education Department (PED)

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