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FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/2020

SPONSOR Trujillo, C. LAST UPDATED _____ HB 88

SHORT TITLE Adult Basic Education Services SB _____

ANALYST Gaussoin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$10,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bills 89 and 152 and Senate Bill 112.
Relates to an appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files
Legislative Education Study Committee (LESC) Files

Responses Received From

Higher Education Department (HED)
Public Education Department (PED)
University of New Mexico Branch Colleges

SUMMARY

Synopsis of Bill

House Bill 88 appropriates \$3 million from the general fund to the Higher Education Department to provide adult basic education services statewide and \$7 million from the general fund to HED to provide adult education services to students involved in the criminal justice system who were impacted by the establishment of a minimum age for public school students.

There is no effective date of this bill. It is assumed that the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of shall not revert.

LESC analysis indicates Gordon Bernell Charter School, which served half of the adult public school student population, will see a reduction of \$1.5 million in state funding as a result of the public school age cap; \$7 million might be an excessive amount to serve all students affected by the cap.

SIGNIFICANT ISSUES

HED administers a statewide adult education system with 24 programs serving between 10 thousand and 12 thousand adults each year. Some public schools also serve adult students but education reform legislation passed in 2019 established an age cap on public school students, prohibiting PED from distributing funding formula funds for any student over age 22, and began a one-year phase-out of the funding for adult public school students.

According to LESAC analysis, 612 adult students were enrolled in public schools in FY19, with half enrolled at Gordon Bernell Charter High School in Albuquerque and many of those incarcerated at the Metropolitan Detention Center.

For FY20, the Legislature increased the recurring general fund appropriation for the HED adult education program by \$3 million for a total of \$8.2 million, with the intent that some of the money would be used to ease the transition of public school adult students into the HED system. HED allocated \$250 thousand to Gordon Bernell, according to LESAC reports.

The LFC recommendation for FY21 maintains HED adult education services funding at the FY20 level. HED requested a \$1.5 million reduction.

HED reports the third-largest adult education program in HED is in the Corrections Department.

PERFORMANCE IMPLICATIONS

According to LESAC, significant differences in the ways the HED adult education program and PED fund services indicate the state could better oversee Gordon Bernell's adult student services performance through HED. HED reimburses providers based on a headcount of students who receive 40 or more hours of instruction per year, with additional funding for students who improve skills, obtain a high school credential, transition to college, or become employed shortly after existing the program. PED funds schools based on enrollment and the needs of the student and measures student and school performance through student proficiency on standardized tests and graduation rates, among other measures. Gordon Bernell reports to LESAC it operates on a self-paced, mastery-based curriculum and measures success by skill acquisition or attainment of a high school credential, measures better aligned with HED's adult education program.

HED suggests it might need to create performance measures for the program, although six HED performance measures address adult education students.

ADMINISTRATIVE IMPLICATIONS

HED raises concerns about the impact of the appropriation on the department:

NMHED maintains a staff of 4.5 full-time employees to oversee the statewide adult education system. No additional funding for staff is included in the proposed additional

appropriation. This legislation requires NMHED to create a new type of adult education program, administer a new funding stream and set new performance measures and do so with no new staff.

However, nothing in HB88 indicates the department could not allocate its money through its existing system of awarding contracts to providers.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 89 appropriates \$2 million from the general fund to the Higher Education Department for adult education services for students involved in the criminal justice system at the Gordon Bernell Charter School.

House Bill 152 and its near duplicate Senate Bill 112 appropriate \$6 million to a new adult education services fund to be administered by HED to provide funding to charter schools that serve adults in the public school system in FY21 and subsequent years. The bills set criteria for distributing the funds, assign statewide responsibility for all adult education services to HED, and appropriate \$200 thousand to HED for personnel to oversee the program.

The LFC recommendation for the General Appropriation Act includes \$8.2 million for adult education.

OTHER SUBSTANTIVE ISSUES

LFC notes in its budget recommendation that nearly 240 thousand of the state's 1.1 million adults have no high school degree, making it difficult for them to fully participate in work and community opportunities and diminishing their ability to earn an living income. HED adult education programs serve only 6 percent of that population.

The University of New Mexico branch colleges in Taos, Los Alamos, and Valencia County all report the additional funding should allow them to expand adult education services, with UNM-Los Alamos adding it will provide residents of the Sangre de Cristo and Delancy Street recovery centers badly needed access to education services.

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