LFC Hearing Brief

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

BACKGROUND INFORMATION

Career and technical education (CTE) programs are education and training programs focused on providing students with the academic, technical, and employability skills they need to succeed in future careers.

Several notable events in the last decade have fueled the expansion of career and technical education (CTE) programs in New Mexico. Findings in the National Conference of State Legislature's (NCSL) 2016 report, *No Time to Lose*, noted high-performing education systems in the world shared common elements, one of them being a highly effective, intellectually rigorous system of CTE. In response to the 2019 ruling in the *Martinez-Yazzie* education sufficiency lawsuit, which ordered New Mexico to ensure all students were both college and career ready, the Legislature appropriated $3 million to the Public Education Department (PED) for CTE initiatives and the state enacted Laws 2019, Chapter 61, establishing a CTE fund and 7-year CTE pilot project to monitor and evaluate its efficacy. The construction of two major CTE high school facilities in 2022 at Hobbs and 2025 at Rio Rancho have also boosted demand for access to similar educational opportunities statewide.

Since 2019, the Legislature has ramped up funding for the 7-year CTE pilot—up to $40 million in FY25—and has distributed $115 million in capital outlay dollars to support infrastructure in schools, with CTE being an eligible use. A large portion of the CTE pilot funding has been spent on student internships, related organizations, and other initiatives, with little to no reporting on outcomes. Similar appropriations for summer internships, apprenticeships, and nondegree credentials at PED and the departments of Higher Education (HED), Economic Development (EDD), and Workforce Solutions (WSD) may be duplicating or happening independently of each other, signaling a lack of coordination on CTE implementation across state agencies. Yet, demand for CTE continues to grow, with the state most recently increasing components in the school funding formula for secondary students by $91.2 million to further address CTE operational needs. As the 7-year CTE project approaches the end of its pilot, New Mexico has an opportunity to align its resources and efforts around CTE initiatives and to address workforce readiness more clearly.

AGENCY: Public Education Department (PED)

DATE: September 24, 2025

PURPOSE OF HEARING: Best Practices in Career and Technical Education

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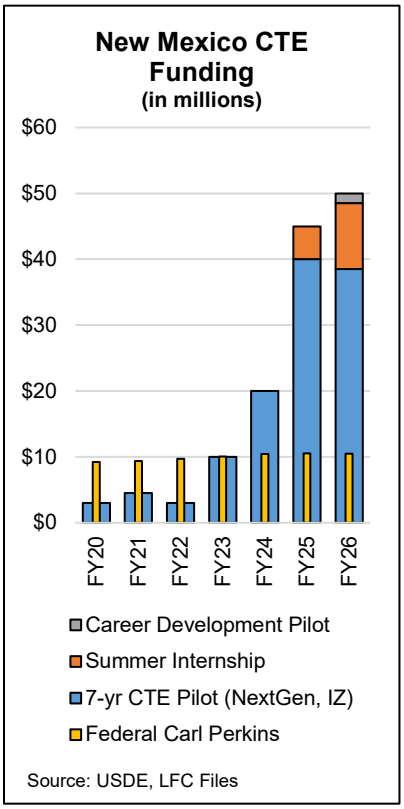
EXPECTED OUTCOME: Informational

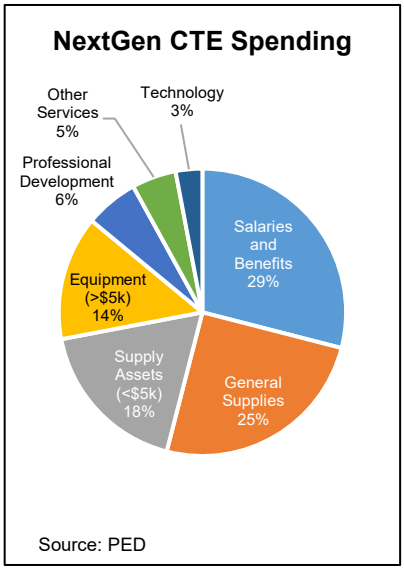


Funding and Spending Trends

The 7-year CTE pilot project will conclude in FY26 and has a current appropriation of $38.5 million; however, questions remain regarding the efficacy of the pilot. The initial $3 million allocation from the pilot was called NextGen CTE and was modeled after the federal Carl Perkins CTE program, which provides a formula allocation to secondary schools and postsecondary institutions. In FY25, PED budgeted $13 million for NextGen awards, surpassing the annual amount of federal Perkins funding, which hovers around $10.5 million. NextGen awards ranged between $77 thousand to $757 thousand per grantee, and despite being funded from a nonrecurring appropriation, about 29 percent (approximately $3 million) of FY25 NextGen awards were spent on salaries and benefits. As such, the end of the NextGen pilot will require some schools to either reduce staffing or leverage other operational sources or fund balances to maintain current programming levels.

FY24 PED CTE Appropriation	Budget (in thousands)	Percent
NextGen CTE (148 LEAs)	$13,024.7	32.6%
NextGen CTE BIE Schools	$1,415.4	3.5%
Innovation Zones (51 LEAs)	$11,400.0	28.5%
REC9 Contract (FFE)	$2,400.0	6.0%
Work-based Learning	$8,000.0	20.0%
CTSO Supports	$1,415.4	3.5%
PED FTE	$105.0	0.3%
School Counselor Supports	$99.8	0.2%
Early College High Schools	$224.0	0.6%
CS Dashboard	$45.0	0.1%
CTECS Membership	$10.0	0.0%
Other	$1,860.7	4.7%
TOTAL	**$40,000.0**	**100.0%**

Source: LESC



In FY23, the state ramped up funding for CTE initiatives, raising the appropriation to $10 million. In turn, PED expanded its activities to fund a new initiative called Innovation Zones. Unlike the NextGen CTE allocation, the Innovation Zone initiative is a competitive grant to transform students' high school experiences through various activities, including creating a graduate profile that reflects the needs of the local community, work-based learning, CTE, capstone projects, and social and emotional learning. In FY25, PED budgeted $11.6 million for Innovation Zone grants, which ranged between $100 thousand to $1.9 million. In FY24, the Legislature authorized Bureau of Indian Education (BIE) and tribally controlled schools to access funding from the 7-year CTE pilot and appropriated $65 million from the public school capital outlay fund to support CTE infrastructure and other school facility needs. Additionally, in FY26, the Legislature appropriated another $50 million to support CTE infrastructure and other school facility needs.

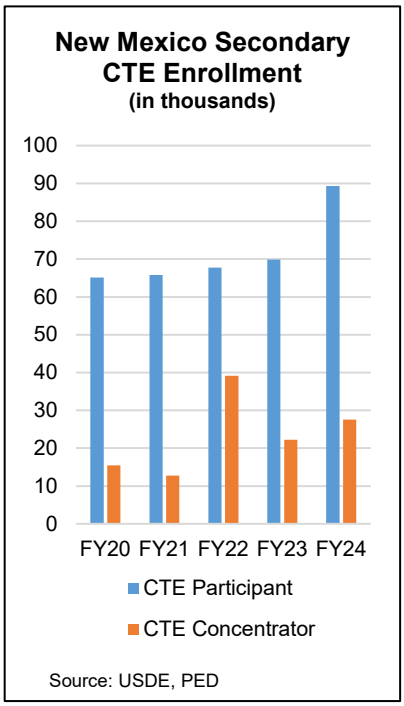
In FY26, the Legislature further raised the school formula factor for secondary students, increasing state equalization guarantee (SEG) distributions by $91.2 million, or about $600 per student in sixth through 12th grade classrooms. Raising the secondary student factor was intended to provide additional funding to operate CTE programs, which can be significantly more expensive than traditional courses depending on the field or topic of study. However, because funding for the secondary student factor is not restricted to CTE expenses nor contingent on having a CTE program, the uses of this additional revenue stream to schools are indeterminate. Still, schools considering expansion of CTE programming will likely leverage this increase to support program costs. A 2025 Legislative Education Study Committee (LESC) analysis suggests the cost per pupil for CTE programs in New Mexico could be $905 to $1,592 higher than the average cost per pupil, depending on the field or topic of study.

Simply increasing funds may not lead to more robust programming and could lead to inefficient spending practices or reinforcement of the status quo. Approximately $10 million, or a quarter, of the total FY25 CTE appropriation was unspent, including $3 million from NextGen grants and $2 million from Innovation Zone grants. The department budgeted $13 million for NextGen and $11.6 million for Innovation Zones. NextGen funding was mostly spent on salaries and general supplies, largely mirroring how schools spend federal Perkins dollars. According to PED, the significant use of NextGen on operations and small general supplies suggests schools are maintaining existing CTE programs rather than substantively changing students' experiences.

The department's concern about the use of NextGen funding is reflected in its prioritization of CTE funding, with a larger share of the state's appropriation dedicated to non-statutory initiatives. A 2024 joint LFC-LESC accountability report noted PED only budgeted $14.4 million of the FY24 CTE pilot funds for the statutory NextGen CTE pilot, or 36 percent of the $40 million appropriation. PED used most of the appropriation for Innovation Zones, work-based learning grants, a Regional Educational Cooperative 9 subcontract with Future Focused Education (an advocacy organization) for Innovation Zone support, career and technical student organizations (CTSO), and various other expenses, including operational costs at PED.

A 2024 LFC report on human capital found New Mexico had $85 million in other FY25 workforce development and training appropriations beyond PED's initiatives, including $33 million for federal WIOA Title I grants at local workforce

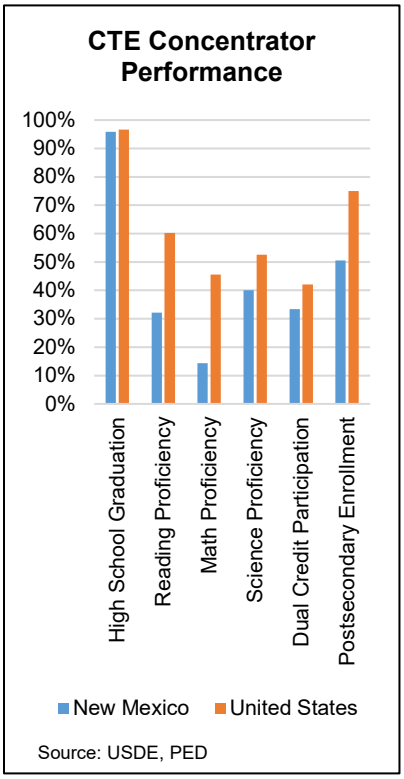
development boards, $20 million for nondegree credential tuition at HED, $7.6 million for JTIP at the Economic Development Department, and $7.5 million for registered apprenticeships at WSD. The LFC report noted the state has roughly doubled funding for workforce training programs over the past five years but continues to struggle with low labor force participation and low median wages. While the state's labor force participation rate has improved from the pandemic low, New Mexico's current rate is 57.8 percent, only slightly higher than the prior year. The state would need an estimated 40 thousand additional individuals between the ages of 20 and 54 working or looking for work to meet the national average.



Outcomes and Results

Information on the efficacy of the 7-year CTE pilot is limited, despite statutory reporting requirements to evaluate the program and $119 million appropriated over the course of the last seven fiscal years. Similarly, the Public School Facilities Authority has allocated $115 million in CTE infrastructure grants to school districts without any reported monitoring of how districts have spent the allocations to date.

In partnership with New Mexico State University, Future Focused Education has conducted two surveys of participants in the Innovation Zones program. The FY23 survey found most participants were enthusiastic and supportive of the opportunity to build partnerships and rethink programs. In FY23, school provided 578 students with 612 internships, including 484 paid internships. Nearly all paid internships were funded through the state grant and most of the internships focused on the skilled trades and construction industry (25 percent), education (15 percent), and healthcare (14 percent). The FY24 survey noted a significant expansion in participants, with 2,449 students participating in 2,477 internships, including 1,738 paid internships. About two thirds of paid internships used Innovation Zone dollars, suggesting schools leveraged other revenue sources to cover internship costs. The most common internship fields were in education (18.5 percent), healthcare (17.7 percent), and agriculture (10.9 percent). The evaluation team noted delays in program implementation until the middle of the fiscal year and a lack of available data from PED prevented a stronger quantitative analysis of program effects and limited the evaluation to mostly qualitative analyses.

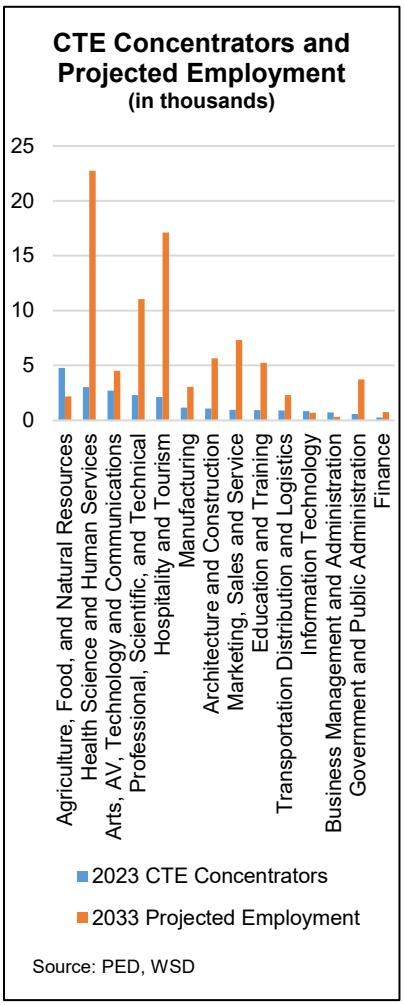


While CTE concentrators (students who take two or more related CTE courses) in New Mexico report higher graduation rates than non-concentrators, this trend holds true nationally and may be more attributable to the characteristics of students who are concentrators rather than the CTE program's impact. Before ramping up investments, the state should focus on the practices and components of CTE programs (inputs and outputs) that lead to desired outcomes (e.g. higher wages and earnings, college readiness, labor force participation, certification of skills, etc.). Absent a plan to connect the inputs of CTE programs to the intended outcomes, the state risks funding uncoordinated efforts across state agencies without a clear understanding of the impact of investments.

According to PED, in FY24, the state had 109 thousand high school students, which included 89 thousand CTE participants, 27.5 thousand CTE concentrators, and 4,037 CTE completers, or students who completed a CTE program. The department notes New Mexico's CTE concentrators had a 97.5 percent graduation rate in 2023, significantly higher than the average graduation rate for all students of 76.7 percent that year. However, New Mexico's CTE concentrator graduation

rate was nearly identical to the national CTE graduation rate. Despite a similar graduation rate, New Mexico CTE concentrators fall significantly behind the nation on all other federal measures of academic performance and postsecondary attainment, such as test score proficiency rates and dual credit participation rates.

The most popular career cluster for New Mexico CTE concentrators in FY23 was agriculture, food, and natural resources, with 4,794 students (or 21 percent) in this field of study across the state. However, WSD projects this industrial sector will have one of the lowest projected employment opportunities by 2033, highlighting a misalignment between CTE programs and future employment opportunities in New Mexico. An EDD analysis of the resumes of New Mexico workers further underscores a mismatch in skills needed by employers. While employers noted the highest demand skills are nursing, accounting and auditing, and merchandising, the most common skills listed by New Mexico workers were strategic planning, business development, and project planning.



Misalignment between the state's workforce skills and industry is a challenge for New Mexico's economic future. Education and job training in New Mexico need to ensure the state's workforce has the skills required to meet industry's needs. EDD's target industries generally require advanced skills in science, technology, engineering, and math. The department's analysis of the state's existing workforce found New Mexico had the largest shortages for medical scientists for biosciences, software developers for cybersecurity, assemblers and fabricators for intelligent manufacturing, and power plant operators for sustainable and green energy—all jobs that require higher levels of training and education. The shortage of skilled workers for the target industries represents a challenge for attracting more businesses to the state. Without an aligned workforce, New Mexico risks exporting residents to states with better connected institutions and losing employers to states with better trained workers.

Best Practices

The state should consider best practices for high-quality CTE programs as it determines next steps for the 7-year CTE pilot program and faces a court-ordered action plan to address the *Martinez-Yazzie* case. While many studies exist on CTE, few compare students who take CTE courses with peers who do not. A 2024 systematic review of CTE studies by the CTE Research Network, a national community of researchers funded by the Institute of Education Sciences, found that out of 10 thousand studies, only 280 studies had comparison groups and only 28 studies further met the What Works Clearinghouse standards for causal studies and focused solely on high schools.

The network meta-analysis of these 28 studies found the impact of CTE on students was statistically significant and positive for academic achievement, high school completion, employability skills, and college readiness. However, there was no impact of CTE on some other academic outcomes along with college completion and some workforce outcomes. The analysis did not show an impact on student discipline or attendance. Students who took CTE classes in high school were more likely to enroll in 2-year colleges but were no more likely to complete a college degree than their peers. CTE students were also more likely to be employed after high school, yet high school CTE participation had no impact on students' subsequent earnings. Notably, the review did not find significant negative impacts of CTE and noted the small number of studies left many unanswered questions, such as what model of CTE program delivery could result in the largest effects.

The limited amount of robust research, particularly on newer CTE programs, does not lend itself to a definitive set of evidence-based models. However, multiple national organizations and institutions have attempted to chart out best practices for high-quality CTE programs. PED has adopted the Association for Career Technical Education (ACTE) framework for high-quality CTE programs of study to strengthen and align CTE opportunities across New Mexico. The framework establishes a comprehensive definition of high-quality CTE and provides 12 standards for program design, implementation, and evaluation.

New Mexico will be challenged to meet the entirety of this framework given its limited pool of industries, geographic rurality, and hard-to-staff areas. Still, the state should use these standards to guide its existing CTE investments. Additionally, the state should establish systems to better understand student outcomes after high school and improve oversight of CTE program evaluation through the public education reform fund process. The state should also capitalize on opportunities to form regional CTE programs that address local workforce needs and support technologies that provide access to applied learning opportunities, particularly in remote and rural areas. And finally, the state should provide incentives for CTE programs to address industries with high employment potential and higher wages to increase labor force participation rates and per capita income.

ACTE High-Quality CTE Program Framework

1. Standards-aligned curriculum
2. Sequencing and articulation across courses and institutions
3. Multiple and valid student assessments
4. Prepared and effective program staff
5. Engaging instructional strategies
6. Access and equity for all students
7. Safe and up-to-date facilities and equipment
8. Business and community partnerships
9. Student career development
10. Career and technical student organizations
11. Work-based learning
12. Data and outcomes analysis