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FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/16

SPONSOR Campos **LAST UPDATED** _____ **HB** _____

SHORT TITLE Adult Basic Education Programs **SB** 188

ANALYST Dulany

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$2,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates appropriation in the General Appropriation Act, Section 4J Higher Education Department, Policy Development and Institutional Financial Oversight.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

Senate Bill 188 appropriates \$2.5 million from the general fund to HED for expenditure in FY17 for adult basic education programs.

FISCAL IMPLICATIONS

The appropriation contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

The House Appropriations and Finance Committee Substitute for House Bill 2 includes nearly \$5.7 million in general fund appropriations for adult education programs. Should HAFC/HB 2 and SB 188 be enacted, the program would receive nearly \$8.2 million in general fund support for FY17. According to HED's FY17 budget request, the department anticipates just under \$4.0 million in federal revenue in FY17 through the federal Workforce Innovation and Opportunity

Act. In addition, HAFC/HB 2 includes \$751.9 thousand for an adult literacy program, which was previously housed under the Department of Cultural Affairs.

For FY16, the adult basic education program at HED received almost \$5.7 million in general fund support. The department has budgeted over \$4.0 million in federal revenue for FY16.

SIGNIFICANT ISSUES

According to HED, the adult basic education program at the department provides funding, technical assistance, and oversight for 27 programs that serve students 16 years of age and older who function below the high school completion level.

These programs help adults:

- learn basic literacy and numeracy skills;
- earn an alternative high school credential;
- learn English as a second language and study Civics in English;
- prepare for and enter postsecondary education and careers; and
- obtain and retain employment.

HED further notes New Mexico's 27 adult education programs served 15.3 thousand students throughout the state in FY15. The smallest of these programs served fewer than 100 students, and the largest served nearly 3,000. HED support included distribution and monitoring of \$9.9 million in federal and state funding; monitoring sub-grantee compliance and performance; providing technical assistance and professional development; and reporting to federal and state agencies.

PERFORMANCE IMPLICATIONS

According to HED, the department has worked with stakeholders and consultants to develop a funding formula that uses performance as well as need and headcount (students with 12 or more contact hours) to determine distribution of funding. The formula was first applied in FY11 and awarded 5 percent of funding based on performance. In FY12 the performance portion was 10 percent, and in FY13 it was 15 percent. Because of federal sequestration, the department indicates, adult education maintained flat funding for FY14 rather than increase the performance portion to 20 percent as initially planned. In FY15 the performance portion was 20 percent, and the headcount portion applied only to students with 40 or more contact hours. In FY16, the performance portion of funding will rise to 25 percent.

TD/jle