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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Parajón/Gonzales **ORIGINAL DATE** 3/6/2025

**BILL**

**SHORT TITLE** High School Internship Grant Program **NUMBER** House Bill 528

**ANALYST** Garcia

### APPROPRIATION\* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$10,000.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
WSD	No fiscal impact	At least \$264.0	At least \$264.0	At least \$528.0	Recurring	Other state funds

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 317.  
Relates to an appropriation in the General Appropriation Act

### Sources of Information

LFC Files

Agency Analysis Received From  
Workforce Solutions Department (WSD)

## SUMMARY

### Synopsis of House Bill 528

House Bill 528 (HB528) establishes a high school internship grant program within the Workforce Solutions Department (WSD) to approve qualified internship programs and to award matching fund to provide paid internship opportunities for high school students in New Mexico.

The bill defines “internship program” as a program that recruits and manages internships for high school that is operated by a non-profit organization, a school districts, including tribally-operated schools and charter schools, a state agency, tribal government, federal agency, a municipality, a political subdivision of the state, or an institution of higher education.

To be eligible to be a host, an organization must apply to WSD and agreement to provide a monetary contribution toward the cost of the internship, which shall be based on the size of the

host organization and the organization’s “ability to pay,” describe the programmatic elements of the internship program and the “payment structure” for the program. Programs must apply annually to be eligible.

WSD shall make awards to host organization or internship programs and shall enter into agreements with host organizations to include program and reporting requirements. A qualified internship program shall be responsible for placing interns with qualified host organizations, accepting complaints from interns and host organizations, arranging for payment of interns, accounting for matching funds, and providing reporting.

The bill creates the high school internship grant program fund as a non-reverting fund within the state treasury and specific it may receive appropriations, grants, donations, gifts, and income from investment of the fund. WSD shall administer the fund.

HB528 appropriates \$10 million from the general fund to the high school internship grant program fund at WSD for the purpose of administering the program. Any unexpended or unencumbered balances shall not revert.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance shall not revert to the general fund. This appropriation is not included within the HAFC substitute for the General Appropriations Act. Although HB528 does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

WSD notes the bill would invest significant non-reverting funding, “which would enable rapid scaling of high school internship programs. Because it aims to fund administrative costs, there would be no fiscal implications to WSD beyond the funded activities.”

The bill does not provide any detail or requirements related to the amount interns will be paid, whether a stipend or wages, or the length of time interns will work. Thus, it is difficult to estimate potential annual costs or awards made to the program. Assuming an intern earns \$15 per hour and works full-time for three months, internship wages would total at least \$2,400. The bill does not provide detail about either allowable administrative costs at WSD or allowable administrative costs for host organizations. For the purpose of this analysis, LFC assumes 10 percent, bringing the total cost of a single internship to \$2,640. With these assumed costs, the appropriation contained in the bill could fund an estimated 3,787 internships. The tables above assume at least 100 internships annually.

## SIGNIFICANT ISSUES

Research suggests that paid high school internships can have a significant impact on students' career development and employability. However, evidence of impact varies depending on program structure and design.

In the last few years, the Legislature has made significant investments for paid work-based learning opportunities for young adults operated by the Public Education Department (PED), Higher Education Department (HED), and WSD. HED received Government Results and Opportunity (GRO) appropriations totaling \$60 million, to be expended over three years, in the General Appropriation Act of 2024. PED has received state appropriations that have been used to support two paid work-based learning opportunities for high school students. In FY24, PED awarded \$11.4 million from a \$40 million appropriation for CTE to Innovation Zones, and funding was used for work-based learning. PED also awarded Las Cruces Public Schools \$5 million for internships for high school students. WSD operates the “pre-apprenticeship” program that provides paid work opportunities, primarily for high school students, to work in a variety of industries and for a variety of employers. Through the WSD program, young people are directly employed by WSD, who oversees administration of hiring and payroll, while the young people complete work for other organizations. WSD budgeted roughly \$1.2 million for the program in FY25.

The creation of the high school internship grant program within WSD will create another program within state government, which may have different goals, purposes, and administration than other internship programs in state government, but will similarly provide paid work-based learning opportunities for young adults.

WSD reports the agency has been working with PED and HED to:

Bring more consistency to work-based learning programs in the state. This bill would make significant strides toward that goal by requiring internship programs to be approved....and enhancing coordination between employers and internship programs and create a defined process for employers to match state funds.”

WSD also notes paid, work-based learning programs are necessary “to make these opportunities truly accessible to all.”

## PERFORMANCE IMPLICATIONS

WSD reports the bill would “enhance the performance of work-based learning programs by enabling better and more consistent tracking of participant information and outcomes through the WSD system.”

## ADMINISTRATIVE IMPLICATIONS

WSD reports the bill would require additional personnel to administer the program and fund, which would be covered by the appropriation to the fund. WSD notes the agency could also leverage its existing work-based learning coordinator staff position, which PED shares, to ensure strong coordination with CTE programs and PED-based internship program.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to Senate Bill 317, which would create a youth “apprenticeship” program within WSD and make an appropriation of \$25 million.

The appropriation contained in HB528 is not included in the HAFC substitute for the General Appropriation Act (GAA). However, the GAA currently contains the following appropriations for related programs:

- \$40 million to PED for career and technical education (SEG);
- \$10 million to PED for summer youth internships;
- \$500 thousand to WSD for intensive outreach for out-of-school youth (Section 5);
- \$600 thousand to WSD for pre-apprenticeships in STEM or that are pathways to registered apprenticeships (Section 5); and
- \$9.7 million to WSD for apprenticeship programs (Section 4).

In addition, the GAA of 2024 contained the following appropriations through the Government Results and Opportunity (GRO) fund that will be available to agencies in FY26, related to paid work opportunities for young people:

- \$600 thousand to WSD for pre-apprenticeships;
- \$20 million to HED for workforce training courses, student intern, and apprenticeship programs.

## TECHNICAL ISSUES

WSD highlighted several technical concerns related to the bill, including:

- The need for clearer definitions of “internship program;”
- The need to add a term for “host organization” so as not to create confusion with the term “employer,” since the employer of record in an internship program may be the internship program, or another entity, and the intern may receive a stipend, rather than wages; and
- Clearer outlining of the processes for becoming a qualified internship program and qualified host organization.

## OTHER SUBSTANTIVE ISSUES

The bill provides little detail about internship program details, including any requirements related to internship work, hours, compensation, or other program requirements or expectations, as well as intern participant eligibility or application processes. WSD is granted rule-making authority and would thus have the authority to outline these program requirements.

RMG/sgs/SL2