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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/2019

SPONSOR Small **LAST UPDATED** _____ **HB** 415

SHORT TITLE True Talent Acceleration Fund **SB** _____

ANALYST Fischer

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$12,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with House Bill 251
 Relates to House Bill 183
 Duplicates Senate Bill 377

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Workforce Solutions (DWS)
 Higher Education Department (HED)
 New Mexico Independent Community Colleges (NMICC)
 University of New Mexico (UNM) and UNM branch community colleges
 New Mexico State University
 New Mexico Institute of Mining and Technology
 Luna Community College
 Mesalands Community College
 San Juan College
 Santa Fe Community College

SUMMARY

Synopsis of Bill

House Bill 415 appropriates \$12 million from the general fund to a new “true talent acceleration fund.” The fund is to be administered by the Higher Education Department (HED) for (1) offsetting losses by colleges that waive tuition for dual-credit students, (2) supporting advising of dual-credit students, (3) establishing metrics to measure dual-credit student outcomes, and (4) designing and implementing a marketing plan to promote dual credit. The bill also directs HED

to convene a "true talent advisory council" to advise the department on dual credit administration and funding needs.

FISCAL IMPLICATIONS

The appropriation of \$12 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year will not revert.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The true talent advisory council called for in HB415 will be staffed by HED and the Public Education Department (PED). The council would include an undefined number of community organizational leaders and business leaders as council members who would be entitled to mileage and per diem.

Both HED and DWS stated that additional staff support would be necessary to establish a shared system of metrics and to conduct monitoring of dual-credit student outcomes. DWS suggested that a portion of the appropriation could be set aside for this effort.

SIGNIFICANT ISSUES

Dual credit allows high school students to enroll in college-level courses, earning high school and college credit simultaneously. While some dual credit instruction occurs at the high school, most (70 percent) dual credit courses are taught by a college faculty member, either online or on a college campus.

Since academic year 2009 (AY09), the dual credit program has more than doubled, with 21 thousand students taking more than 149 thousand credit hours in AY18. Central New Mexico Community College delivers by far the largest number of dual credit hours (32,604 in AY18) followed by NMSU's Dona Ana Community College at 13,562 credit hours. Tribal colleges also provide dual credit courses and received an appropriation of \$183 thousand in FY19 for that purpose.

The Legislature currently double funds the instruction of dual-credit students, appropriating funding for a student's high school and college instruction. School districts and charter schools receive full program funding for dual-credit students regardless of the physical location of course instruction. In a 2017 LFC program evaluation, staff estimated the state allocated approximately \$37 million to public schools for full funding of high school students taking dual credit in fiscal year (FY) 2016, even though those students were not taking high school courses full time. At the same time, LFC staff estimated that colleges received approximately \$16.4 million in combined performance and recurring base funding for dual-credit students that year. PED also receives an annual \$1 million appropriation to allocate to school districts and charter schools to pay for dual credit course textbooks and instructional materials.

Colleges and universities are encouraged by statute and required by administrative rule to waive

Tuition Waived for Dual-Credit Students, AY18

Institution	Resident Tuition per Credit Hour	Dual Credit Hours Delivered	Dual Credit Tuition Waived
Central New Mexico Community College	\$55	32,604	\$1,793,220
Eastern New Mexico University	\$160	5,920	\$947,733
NMSU-Dona Ana	\$66	13,562	\$891,702
UNM-Taos	\$75	11,414	\$856,050
Western New Mexico University	\$164	4,635	\$758,425
ENMU-Roswell	\$78	9,263	\$722,514
University of New Mexico	\$181	3,630	\$655,578
UNM-Valencia	\$75	7,452	\$555,174
San Juan College	\$49	11,207	\$549,143
New Mexico State University	\$230	2,176	\$500,045
NMSU-Carlsbad	\$41	9,959	\$408,319
Santa Fe Community College	\$48	6,433	\$308,760
Northern New Mexico College	\$147	1,939	\$285,712
Clovis Community College	\$44	6,224	\$273,856
New Mexico Junior College	\$38	6,703	\$254,714
NMSU-Grants	\$78	3,068	\$239,304
Mesalands Community College	\$58	2,869	\$166,402
NMSU-Alamogordo	\$78	2,092	\$163,176
New Mexico Highlands University	\$180	713	\$128,340
UNM-Los Alamos	\$82	1,542	\$126,444
Luna Community College	\$38	2,764	\$105,032
ENMU-Ruidoso	\$45	2,311	\$103,973
UNM-Gallup	\$70	349	\$24,465
New Mexico Tech	\$268	51	\$13,684
TOTAL		148,879	\$10,831,764

Source: LFC Files, FY20 Funding Formula

tuition and general fees for dual-credit students taking college courses. In AY18, colleges and universities collectively waived \$10.8 million in tuition for dual credit students.

HB415 creates a \$12 million fund for HED to use, in part, to distribute to colleges and universities to offset losses from waived tuition. In doing so, the bill further increases the amount of state funding dedicated to dual-credit students.

Recognizing the lost revenue streams to colleges, some school district leaders, including those at the Las Cruces Public School District and the Gallup McKinley County School District, have proactively negotiated cost-sharing agreements between the district and their local dual credit college. It is unclear if the intent of HB415 is to supplant these local agreements, or rather to only provide tuition support to colleges that have not tried or been able to negotiate similar agreements with their local districts.

Between FY16 and FY19, the state’s colleges and universities increased their tuition an average of 4.3 percent annually. If this trend in tuition increases continues and the level of dual credit delivered holds steady, by FY21 the waived tuition levels for all public, nontribal and nonspecial colleges and universities would be \$12.3 million, exceeding the recurring appropriation of the true talent acceleration fund. With unreimbursed tuition levels exceeding appropriations, HED would need to request an increase in appropriations to the fund, offset only a portion of dual credit tuition losses, or curtail some of the additional fund-supported activities such as providing for blended advising for dual-credit students.

HB415 states that the fund would additionally support advising of dual-credit students, establish metrics to monitor dual-credit student outcomes, and design and implement a marketing plan to promote dual credit. The true talent advisory council would advise HED on funding recommendations for those additional activities, as well as funding needs for dual credit courses aligned to programs of study identified by PED, HED, and DWS that support progress toward a degree or certificate and workforce preparedness.

DWS stated that some of the proposed activities of the true talent advisory council may duplicate some of the initiatives of the department's federally-funded Workforce Innovation and Opportunity Act (WIOA) youth program.

PERFORMANCE IMPLICATIONS

When optimized, dual credit should offer students an accelerated path to a college degree or certificate. However, the 2017 LFC dual credit progress report found that taking dual credit courses does not guarantee the reduction of the total number of credits needed once enrolled in college. In FY16, more than half of dual-credit students took courses outside the core education transfer curriculum. College credits earned outside the curriculum are not guaranteed to transfer between institutions unless institutions have an articulation agreement in place. Further, though different institutions will accept transfer curriculum courses for credit, that credit is not always a requirement for a particular degree. For example, a dual credit course in art history, even though it is part of the transfer curriculum, will likely not be part of the set of courses necessary to obtain a degree in chemical engineering.

Nontransferable credits or poorly chosen courses: either situation may result in potential credit waste and extended time to graduation—results counter to the goals of the dual credit. Extended time to graduation also conflicts with Accountability in Government Act performance measures for the colleges and universities. In response, in 2018 HED and PED formulated draft guidelines that would limit dual credit course selection to those courses that align with an individual student's defined meta-major, major, or certificate path of study. The agencies have yet to finalize rules to implement those guidelines.

While the true talent advisory council is specifically tasked with advising HED on funding needs for dual credit courses aligned to programs of study that support progress toward a degree or certificate, HB415 proposes establishing the true talent acceleration fund to reimburse colleges for all dual credit courses, no matter the alignment of the course to a degree or certificate pathway.

ADMINISTRATIVE IMPLICATIONS

The dual credit council is an existing advisory group of PED and HED staff that make recommendations on dual credit policy and monitor of dual credit participation and outcomes. The council and its activities are outlined in administrative code (6.30.7.11 NMAC). While the membership of the true talent advisory council called for in HB415 is larger than the dual credit council, including community members and representatives from WSD, its purview is similar. The dual credit council has broad authority to issue recommendations on any issues related to dual credit, including all of the issues that HB415 calls for the true talent advisory council to advise on. Because the two councils have such similar duties, it may be useful to have more clarity on the roles of the two councils if HB415 is enacted.

DWS stated that the current agreement between PED, HED and NMDWS will need to be revised and renewed prior to the development of a new system of shared metrics for dual-credit students that includes data-sharing agreements with neighboring states to confirm student outcomes in education and employment. Specifically, surrounding state data can only be accessed in aggregate form under the current Wage Record Interchange System. Coordinated efforts will need to be made to ensure that the proposed system complies with these agreements. The proposed system will be subject to audits by U.S. Department of Labor.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB415 conflicts with House Bill 251 (HB251) which establishes a higher education coordinating council which includes PED, HED, DWS, and business representation.

HB415 relates to House Bill 183 which adds participation in a registered apprenticeship program as an additional option for students to meet the graduation requirement under Section 22-13-1.1 NMSA 1978.

HB415 duplicates Senate Bill 377.

POSSIBLE QUESTIONS

How would HB415 encourage or hamper existing dual credit cost-sharing agreements between colleges and school districts?

With the already significant year-over-year growth in dual credit participation, how much additional growth would we expect from the proposed dual credit marketing activities?

Would the true talent advisory council proposed in HB415 duplicate the ongoing efforts of the dual credit council?

MF/sb