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FISCAL IMPACT REPORT

SPONSOR <u>Garratt/Torres-Velásquez</u>	LAST UPDATED <u>3/5/2025</u>	ORIGINAL DATE <u>1/31/25</u>
SHORT TITLE <u>Higher Ed. Payment for Certain Tests</u>	BILL NUMBER <u>House Bill 167/aHAFC/aSFC</u>	ANALYST <u>Jorgensen</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HED		\$870.0	\$870.0	\$1,740.0	Recurring	General Fund

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

Relates to an appropriation in the General Appropriation Act.

Sources of Information

LFC Files

Agency Analysis Received From
 Higher Education Department (HED)

SUMMARY

Synopsis of SFC Amendment to House Bill 167

The Senate Finance Committee amendment to House Bill 167 (HB167) introduces a requirement for New Mexico’s public postsecondary teacher preparation programs to integrate instruction on the science of reading into their curricula so that new level 1 licensure applicants are better prepared to teach literacy effectively. The amendment defines “high-quality instruction materials,” “structured literacy,” “scientifically based reading instruction,” and “science of reading.” The amendment details what teacher preparation programs must offer, including relevant coursework and at least 100 hours of supervised field experience in classrooms utilizing science of reading methods. Additionally, the amendment requires that the Public Education Department (PED) develop standards related to the five components of the science of reading instruction, monitor program compliance, conduct evaluations of course content, faculty qualifications, and graduate effectiveness and may require corrective action, probationary status, or loss of state approval. The amendment requires teacher preparation programs to submit annual reports detailing alignment with these standards, candidate performance data, and their graduates’ impact on student literacy outcomes.

Synopsis of HAFC amendment to House Bill 167

The House Appropriations and Finance Committee amendment to House Bill 167 removes the appropriation.

Synopsis of House Bill 167

House Bill 167 requires the Higher Education Department (HED) to provide free high school equivalency testing to New Mexico residents. The bill appropriates \$2 million from the general fund to HED to pay test and test preparation costs.

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 \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

SIGNIFICANT ISSUES

Adult education is housed in the HED budget. In FY25, the general fund appropriations for adult education, adult literacy, and the adult diploma program totaled \$7.8 million.

HED reports that test costs for high school equivalency exams total \$145 per exam and that less than 6,000 New Mexicans took a high school equivalency exam in FY24, so that total annual exam costs would be approximately \$870 thousand per year.

HED notes:

New Mexico ranks 47th nationally in the number of adults with a high school diploma or high school equivalency. HED estimates that there are 190 thousand adults in New Mexico without a high school diploma or high school equivalency, but less than 3 percent of these individuals earn their high school equivalency each year. New Mexicans with a high school diploma or high school equivalency earn approximately \$6,500 more per year on average due to increased employability in careers with higher wages.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The current version of the General Appropriation Act contains \$1.25 million for high school equivalency tests.

CJ/hj/SL2/sgs/SL2/rm