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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/17/13

SPONSOR Stewart LAST UPDATED \_\_\_\_\_ HB 360

SHORT TITLE Create Reading First Program SB \_\_\_\_\_

ANALYST Gudgel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$9,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 360 enacts a new section of the Public School Code, creating the “reading first” program in the Public Education Department, to be modeled after the federal reading first program. The bill requires participating school district’s programs to be based on three-year student cohorts. The bill appropriates \$9.5 million to a new reading first fund that the PED will be able to use to make grant awards to school districts.

### FISCAL IMPLICATIONS

The appropriation of \$9.5 million to the new reading first fund contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of the fiscal year shall not revert. The bill allows the PED to set aside 10 percent of the appropriation to be expended as follows: at least 50 percent, or \$475 thousand dollars, for profession development; at least 25 percent, or \$237.5 thousand, for technical assistance; and no more than 25 percent, or \$237.5 thousand, for program administration.

#### Continuing Appropriations language

This bill creates a new reading first 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.

## **SIGNIFICANT ISSUES**

The bill creates a state “reading first” program modeled after the federal reading first program, and appropriates \$9.5 million to the newly created “reading first fund” for the Public Education Department to make grants to qualifying school districts. Eligibility criteria includes: 1) a minimum of 20 percent of the district’s kindergarten through third grade students score at below the twentieth percentile on literacy assessments based on the district’s norms; 2) the school district is either in a geographic area designated as an empowerment zone or enterprise community pursuant to federal law, has a significant number or percentage of schools identified for school improvement, or at least 85 percent of the students enrolled at a particular school are eligible for free or reduced-fee lunch.

Applications will be reviewed by a panel of reading experts from around the state that are appointed by the Secretary of PED. Grants will be three-year grants to follow a student cohort to do the following:

- Provide a comprehensive approach to teaching reading that is scientifically based, uses valid and reliable assessments and provides professional development and technical assistance for teachers;
- Provide reading instruction that includes phonemic awareness; phonics; vocabulary development; reading fluency, including oral reading skills; and reading comprehension strategies;
- Uses screening and diagnostic information to identify students at risk of reading difficulties to ensure early intervention;
- Required development of individualized reading plans for students who are not proficient; and
- Provides a statewide cadre of reading coaches and mentors.

The PED analysis indicates the eligibility criteria may not fully cover all schools that have low-performing reading students. The PED also notes the creation of a statutory reading first program conflicts with the department’s early reading initiation, New Mexico Reads to Lead.

The PED requested \$13.5 million for FY14 for New Mexico Reads to Lead, which supports early identification and support of struggling readers. The department’s analysis provided the following information about the funding request:

### **PED FUNDING REQUEST**

<u>Total PED Funding Need</u>	<u>\$3,800.0</u>
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Funds will be used to support interventions for struggling readers, reading coaches, support for interventions, and district level training on effective reading instruction.

With approximately 106,000 students in grades K-3, PED plans to continue to provide the formative assessment tool procured in fall 2012 for use with all students.

In addition to screening and intervention, PED will use \$1,000.0 to support district and school administrators, teachers, reading coaches, and parents with professional development on the following:

- evidence-based reading instruction and intervention aligned with Common Core State Standards;
- using formative assessment data to drive instruction; and
- strategies for parents to support students' reading acquisition at home.

**TOTAL DISTRICT FUNDING REQUEST**

Total District Funding Need            \$9,700.0

After students are screened, PED will require districts to intervene with struggling students. Districts will use the funds to support reading coaches and interventionists at the district and school level who will support schools with implementation of the formative assessment tool and interventions. In additions, districts will use the funds to support interventions and provide professional development for teachers on evidence-based reading instructional strategies.

The PED indicates the department has worked collaboratively with superintendents to reshape how the \$9,700.0 will be distributed. Under the agreement, all districts will receive funds to hire at least one coach or interventionist.

The University of New Mexico states this is an important, and positive, alternative solution to the problem of students who are at-risk for reading failure, instead of mandatory retention at the third grade. It is more important to put in place a system for identifying and remediating reading problems as early as possible and to provide the necessary supports for these students.

**PERFORMANCE IMPLICATIONS**

The reading first program could improve early literacy, resulting in improved reading proficiencies.

**ADMINISTRATIVE IMPLICATIONS**

The PED will be required to administer the new fund, and monitor compliance with the provisions included in the bill.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Conflicts with House Bill 257, Senate Bill 260, and Senate Bill 640.

**OTHER SUBSTANTIVE ISSUES**

The No Child Left Behind Act (NCLB) of 2001 created the reading first program to help ensure that all students can read at or above grade level by the end of third grade. The law required an independent, rigorous evaluation of the program. The results indicate that reading first produced statistically significant positive impacts on multiple reading practices promoted by the program, such as the amount of instructional time spent on the five essential components of reading instruction, and professional development in scientifically based reading instruction. However, reading first did not produce a statistically significant impact on student reading comprehension

test scores in grades one, two or three.

Empowerment zones and enterprise communities are highly distressed urban and rural communities that have experienced poverty and/or high emigration based upon definitions in federal law. It appears that only Deming qualifies as an empowerment zone or enterprise community.

**TECHNICAL ISSUES**

To Implement LFC policy on the Legislature appropriations, on page 4, line 21, at the end of the line, insert “appropriated by the legislature and”

RSG/blm