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FISCAL IMPACT REPORT

SPONSOR Adkins **ORIGINAL DATE** 02/23/15
LAST UPDATED 03/04/15 **HB** 479/aHEC/AHFI#1
SHORT TITLE Continue K-3 Plus Program for Some Schools **SB** _____
ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of HFL Amendment #1

House Floor Amendment Number 1 to House Bill 479 as amended by House Education Committee eliminates the first sentence of the applicability clause that states the provisions of the act apply to the 2015-2016 and subsequent school years. This will allow any of the 17 participating schools that have been disqualified because their school grade improved to a C or better to implement a summer 2015 K-3 Plus program before July 1, 2015, addressing concerns noted below in Synopsis of HEC Amendment.

Synopsis of HEC Amendment

House Education Committee Amendment to HB 479 changes reference to the 2015-2016 school year in the second sentence of the applicability clause to the summer 2015 K-3 Plus program to allow PED to consider applications from those 17 schools that may be disqualified from participating in the program because their school grade improved to a C or better. However, the first sentence of the applicability clause still indicates the provisions of the act apply to the 2015-2016 school year, making the changes in the bill still only effective for programs that begin K-3 Plus after the start of FY16. Those programs that begin K-3 Plus in June that will be disqualified will still be unable to start K-3 Plus before the start of the fiscal year.

Synopsis of Bill

House Bill 479 amends section 22-13-28 NMSA 1978 of the Public School Code to allow a school that qualifies for K-3 Plus because they have a D or F school grade to continue participating in the program if they improve their letter grade to a C, B, or A. The bill contains an emergency clause and makes provisions applicable to the 2015-2016 and subsequent school years. It also allows PED to accept an application from a school that would otherwise not be eligible and make a decision when this law becomes effective.

SIGNIFICANT ISSUES

Allowing D or F schools that have been participating in K-3 Plus to continue participating if they improve their letter grade mirrors how the program currently works for schools that qualify pursuant to the “high poverty” provision. Currently, a school can qualify under the “high poverty” provisions if, at the time of application, the school has 80 percent or more of the students eligible for free or reduced-fee (FRL) lunch. This allows schools to continue participating if their FRL percentage drops below 80 percent.

PED notes that 17 schools with K-3 Plus program improved their letter grades from a D or F during the 2012-2013 school year to a grade of C or better during the 2013-2014 school year. Under current law, these schools, and 1,456 students, will not be eligible to continue participating in K-3 Plus during the summer of 2015.

House Bill 2 as amended by HAFC includes \$22.2 million for K-3 Plus programs in FY16 and assumes all programs funded in 2014 that wish to continue participating will be funded in 2015. The HB2 funding level is an increase of almost \$1 million, which should fund approximately 770 additional children to participate in the program in 2015.

TECHNICAL ISSUES

The bill has an emergency clause; however, the applicability clause makes it applicable to the 2015-2016 school year. Schools that have K-3 Plus program that begin in June 2015 and have improved their letter grade to a C, B, or A may not be eligible because of the reference to the 2015-2016 school year (that generally means FY16). Staff suggests the temporary provision be amended to read “The provisions of this act apply to the summer 2015 K-3 Plus program and subsequent years. For the summer 2015 K-3 Plus program, the PED may...” The HEC and HFL amendments address this concern.

PED notes that language related to schools that improve their letter grade is not clear with regard to whether continued eligibility is contingent on continuous participation.

OTHER SUBSTANTIVE ISSUES

The K-3 Plus program extends the school year by a minimum of 25 instructional days before the school year begins for participating students. The purpose of the program is to demonstrate that increased time in kindergarten and the early grades narrows the achievement gap between disadvantaged students and other students, increases cognitive skills, and leads to higher test scores for all participants. LFC’s Volume 3 Supplemental Tables and Graphs includes a list of K-

3 Plus eligible schools, including the number of students at participating schools and the number of eligible non-participating schools, available at:

<http://www.nmlegis.gov/lcs/lfc/lfcdocs/budget/2016RecommendVolIII.pdf>. See page 89.

Preliminary results from a study conducted by Utah State University indicate K-3 Plus has a significant positive effect on student achievement. K-3 Plus is a cost-effective way to improve student outcomes and close the achievement gap. Per-student costs are less than \$1,300 for an additional five weeks of school.

K-3 Plus programs are now operated in most eligible schools, and the majority of eligible students who do not receive services attend elementary schools with K-3 Plus programs.

Since FY08, K-3 Plus enrollment has increased 625 percent from 2,491 to 18,056 in 2014. Roughly 26 percent of the 71 thousand students eligible for K-3 Plus received services. The majority of schools eligible for K-3 Plus funds applied, 234 of 329, but often did not receive enough funding to serve all eligible students; 73 percent of eligible students who did not receive K-3 Plus attend schools that have K-3 Plus programs. If schools are unable to offer enough slots to serve the majority of students, they likely will not see sufficient school-wide academic gains to improve overall school performance. LFC staff program evaluation of recommended prioritizing funding K-3 Plus applications for school-wide or district-wide programs. For schools and school districts not fully implementing either, require or give additional priority to those willing to implement best-practices, including employing the school-year teacher of record for K-3 Plus. See *Special Review: Early Childhood Services Accountability Report Card, Gap Analysis and Spending Plan*, available at:

<http://www.nmlegis.gov/lcs/lfc/lfcdocs/perfaudit/Early%20Childhood%20Services%20Accountability%20Report%20Crad%20-%20Gap%20Analysis%20and%20Spending%20Plan.pdf>

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