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## FISCAL IMPACT REPORT

SPONSOR Thomson ORIGINAL DATE 2/22/17  
 LAST UPDATED 3/16/17 HB 451/aHEC

SHORT TITLE Community Schools & Pre-K Definitions SB \_\_\_\_\_

ANALYST Liu

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

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				Title I, Part A grants

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB445  
 Conflicts with HB354

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)  
 Public School Facilities Authority (PSFA)

### SUMMARY

#### Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 451 strikes Sections 1 through 3, which amended definitions for school-age person, elementary school, and qualified student in the Public School Code. The amendment makes technical corrections and inserts a new section adding pre-kindergarten and early childhood services to the definition of “elementary school.” The amendment further replaces provisions that mandate inclusion of early childhood programs funded through the Children, Youth and Families Department, pre-kindergarten programs, and Title I set-aside funds in a community schools initiative with language encouraging the inclusion of state- and federally funded early childhood programs. The amendment also makes the use of Title I set-aside funds optional, rather than required, for community schools.

#### Synopsis of Original Bill

House Bill 451 amends the Public School Code, changing the definition of “school-age person” to include three-year-old students participating in a voluntary prekindergarten program part of a community schools initiative. The bill amends the Community Schools Act, adding various

components to the community schools program application and model and requiring PED to use at least 4 percent of federal Title I set-aside funding to invest in community schools statewide.

## **FISCAL IMPLICATIONS**

The bill does not make an appropriation, but requires PED to use at least 4 percent of the federal Title I se-aside to invest in community schools statewide. **The HEC Amendment addresses this provision.**

The federal Every Student Succeeds Act (ESSA) eliminated the school improvement grant program and replaced it with a required 7 percent state-level set-aside of Title I funds for school improvement. This set-aside, as designated in ESSA Section 1003, must be used to support school districts with schools identified as needing targeted or comprehensive support under the state’s accountability system. Of the set-aside amount, 95 percent must go to local school districts, education service agencies, or consortia of districts, by formula or competition. In 2016, local education agencies were awarded \$112.6 million in Title I, Part A grants. Approximately one percent of the state’s Title I award is used by PED for grant administration, and the remainder is made available as grants to school districts and state charters.

ESSA clarifies Title I programs can provide various services to support struggling students. For example, Title I schools that operate schoolwide programs – typically schools with high poverty rates – may use strategies including:

- supports like counseling, mentoring, and school-based mental health programs;
- career and technical education;
- preparation for postsecondary education (such as advanced coursework, dual credit options, etc.); and
- behavior supports.

Title I schools that operate targeted assistance programs may use resources for eligible students that help students meet challenging state standards, which may include activities or coursework to provide a well-rounded education. In addition, Title I may be used for:

- dual or concurrent enrollment services, and
- in limited cases, health, nutrition, and other social services that are not otherwise available through other funding sources.

PED notes the specific use of Title I funding must be described in the ESSA state plan that will be submitted to the U.S. Department of Education. The content of the current state plan is based on public input which was gathered through a series of public forums in 2016. According to the New Mexico Rising final summary report, which facilitated and presented the results of the 2016 public forums, “participants suggested that education leaders develop effective strategies to engage all parents including...provid[ing] programs, parenting and other courses, and support services at the school (i.e. the community school model).”

## **SIGNIFICANT ISSUES**

Laws 2013, Chapter 16 (HB542) enacted a new section of the Public School Code establishing the Community Schools Act. The purpose of the Community Schools Act is to partner with federal, state and local entities and private community-based organizations to provide educational service programs that improve the coordination and delivery of services provided to

children and families in New Mexico schools. Services would include:

- extended learning opportunities;
- school-based or school-linked health care; and
- family engagement and support services.

This bill adds students at least three years of age to the definition of ‘school-aged person’ if a public school offers a voluntary pre-kindergarten as part of a community schools initiative. The bill also requires that a community schools initiative include early childhood programs funded by the Children, Youth and Families Department and voluntary pre-kindergarten funded through the Pre-Kindergarten Act and Title I. The application for, and receipt of, an award under each of these grant programs would be a pre-requisite to receiving an award under the community schools program. **The HEC Amendment addresses this issue.**

The bill requires applicants for community schools grants to provide at least three of the following types of community school programming:

- full-day, high-quality pre-kindergarten;
- physical and mental health services for students and families (provide by trained health professionals);
- programs promoting academic excellence with state standards and benchmarks;
- life skills acquisition programs;
- parental support and community engagement programs;
- nonviolent behavior and conflict resolution programs;
- school attendance and dropout prevention programs;
- after-school programs;
- summer programs designed to prevent summer learning loss; and
- other programming designed to meet school and community needs.

The bill also requires applicants to include specific plans on:

- maintaining attendance records to target students in need of intervention;
- maintaining measurable data to show annual participation and effects of programming;
- documenting meaningful and sustained collaboration between the public school and community stakeholders;
- ensuring compliance with the nondiscrimination policy of ESSA;
- analyzing needs at the community school, including:
  - identification of challenges facing the school;
  - analyses of the student body, based on the number and percent of students:
    - with disabilities,
    - who are English language learners, and
    - receiving free or reduced-fee lunch, such that these analyses evaluate:
      - specific needs of each at-risk group;
      - enrollment and retention rates;
      - suspension and expulsion data, including justifications for disciplinary action;
  - analysis of school achievement data, including major demographic categories;
  - analysis of current parent engagement strategies;
  - evaluation of additional needs for wraparound services, including mechanisms for safe and healthy school environments;

- analysis of community and school support for maintaining or changing school curricula;
- analyses of needs in the community, conducted by school leadership that identifies the need for:
  - high-quality, full-quality child care and early education programs;
  - physical and mental health care services; and
  - job training and other adult education programming.

The bill requires grantees to provide community school programming at multiple covered school sites, select and compensate a program director to oversee and coordinate programming, and, if funding is available, select and compensate a resource coordinator at each school site.

PED notes the bill’s use of federal Title I funds to address requirements in state statute raises a presumption of “supplanting.” In 2016, the U.S. Department of Education released proposed regulations indicating Title I federal funds must supplement, and may not supplant, state and local funds. This helps to ensure that federal funds are additive and do not take the place of state and local funds in low-income schools, in keeping with the longstanding commitment under Title I that the nation’s highest need students receive the additional financial resources necessary to help them succeed. **The HEC Amendment addresses this issue.**

- Section 1114 of ESSA, outlines the use of funds for schoolwide programs and indicates “a local educational agency may consolidate and use funds under [Section 1114], together with other Federal, State, and local funds, in order to upgrade the entire educational program of a school that serves an eligible school attendance area in which not less than 40 percent of the children are from low-income families, or not less than 40 percent of the children enrolled in the school are from such families.”
- Section 1120A of ESSA, outlines the maintenance of effort requirements and indicates “a State educational agency or local educational agency shall use Federal funds received under [Section 1120A] only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.”

PSFA notes the definition of “student” in the Public School Capital Outlay Council (PSCOC) Adequacy Standards means “qualified student or MEM” as defined in Section 22-8-2 NMSA 1987. By expanding the definition of a school age person to include children that are three years old attending pre-kindergarten at an elementary school, those pre-kindergarten students would be added to the calculations of adequacy of spaces “per student”.

## **ADMINISTRATIVE IMPLICATIONS**

According to PSFA, the bill may require PSCOC to include, or otherwise exclude, pre-kindergarten facilities in the adopted Adequacy Standards. PSFA would need to promulgate rules to establish those standards, pursuant to the State Rules Act.

## **CONFLICT, DUPLICATION**

This bill duplicates SB4451 and conflicts with HB354, which expands the “school-age person” definition.

**OTHER SUBSTANTIVE ISSUES**

Section 1003 of ESSA includes a “hold harmless” provision that prohibits states from reserving the full 7 percent if doing so would decrease a local education agency (LEA)’s Title I, Part A, allocation to below what it received in the previous year. Importantly, this provision does not take effect until FY19, meaning that LEAs’ Title I, Part A, allocations could be reduced when states take the 7 percent set-aside in FY18. This could result in a loss of funding for some districts.

**TECHNICAL ISSUES**

PED recommends on page 11, lines 13-17, changing ‘and’ to ‘or’ as pre-kindergarten programs in districts might not be supported by all funding sources listed. **The HEC Amendment replaces this language.**

SL/al/jle