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FISCAL IMPACT REPORT

SPONSOR Stewart ORIGINAL DATE 2/08/22
LAST UPDATED _____ HB _____
SHORT TITLE Family Income Index Distribution Uses SB 243
ANALYST Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB166

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 243 removes provisions that restrict how public schools must use family income index (FII) allocations. The bill allows schools to use FII allocations on any combination of evidence-based interventions rather than requiring a third of the allocation for literacy interventions and a third for math interventions. The bill further adds career technical education (CTE) and work-based learning services to the list of eligible FII uses. There is no effective date of this bill. It is assumed the effective date is 90 days following adjournment of the Legislature.

FISCAL IMPLICATIONS

The bill does not contain an appropriation but changes eligible uses for FII allocations. The General Appropriation Act of 2021 included \$30 million from the public education reform fund for FII allocations in FY22 and FY23. Provisions of this bill may increase flexibility for schools to spend FII funds and reduce potential reversions.

SIGNIFICANT ISSUES

Laws 2021, Chapter 18 (Senate Bill 17), established the family income index (FII), an aggregated

measure of household income for each public school in New Mexico. In FY22, the state allocated \$15 million to the schools with the highest index value (see Attachment 1), providing at least \$20 thousand to each school. The FII allocation functions as a direct grant separate from the public school funding formula (also known as the state equalization guarantee) to schools with high concentrations of low-income students. PED notes current statute requires schools receiving an FII allocation more than \$40 thousand to spend funds in the following ways:

- At least one-third on evidenced-based, structured literacy interventions,
- At least one-third on evidenced-based, math instruction and intervention, and
- No more than one-third on the following interventions
 - case management, tutoring and after- school and summer enrichment programs that are delivered by social workers, counselors, teachers or other professional staff;
 - culturally relevant professional and curriculum development, including those necessary to support language acquisition and bilingual and multicultural education;
 - whole school interventions, including social and emotional learning programs, multilayered systems of support, student nutrition programs, school-based health centers and community schools;
 - instructional resources and materials;
 - services to engage and support parents and families in the education of students; and
 - services to engage and support tribal communities in the education of Native American students.

PED notes the bill eliminates the requirement for proportional spending and allows schools to spend any amount of FII funds on any of the listed uses. The bill also adds a provision allowing expenditures on services to expand or improve CTE or work-based learning. The inclusion of this category may help strengthen existing workforce training and economic development efforts in New Mexico communities.

At-risk index vs. FII. School districts in New Mexico typically rely on at-risk funding through the public school funding formula, which uses three student metrics – mobility, English learner status, and poverty as measured by federal Title I designation. These metrics form the at-risk index in the formula, which then allocates additional funding to school districts serving larger numbers and proportions of at-risk students. The factor, however, is based on school-district level data, and does not explicitly direct funds to individual school sites that serve a disproportionate number of at-risk students.

The family income index (FII) uses household income and tax data to more accurately determine the level of concentrated poverty at all schools across the state. The granularity of the calculation also allows charter schools to generate a unique FII value, providing more accurate poverty rates than the district-level at-risk index.

ADMINISTRATIVE IMPLICATIONS

PED notes eliminating proportional spending requirements for FII funds may allow schools to better leverage the funding they receive. Currently, any school receiving more than \$40 thousand is subject to the requirements. If a school received \$90 thousand, as an example, they may not have enough to hire additional behavioral support personnel if limited to spending only \$30 thousand

because of the proportionality requirements in current law. Additionally, schools serving large percentages of low-income students often receive Title I funds, which are also limited in their allowable uses. Flexible FII requirements may help schools use funds to support services not allowed by Title I or other funding sources.

Schools must report FII spending plans as part of the educational plan submission to PED. Department staff are currently responsible for ensuring those plans meet the required proportions. Removing the requirements would reduce administrative burdens for PED review.

RELATIONSHIP

This bill relates to House Bill 166, which creates a website portal to house data on modules and interventions for at-risk students.

OTHER SUBSTANTIVE ISSUES

On February 14, 2019, the 1st Judicial District Court issued a final judgment and order on the consolidated *Martinez v. New Mexico* and *Yazzie v. New Mexico* education sufficiency lawsuits, and found that New Mexico's public education system failed to provide a constitutionally sufficient education for at-risk students, particularly low-income, English language learners, Native American students, and special education students. The court's findings suggested overall public school funding levels, financing methods, and PED oversight were deficient. As such, the court enjoined the state to provide sufficient resources, including instructional materials, properly trained staff, and curricular offerings, necessary for providing the opportunity for a sufficient education for all at-risk students.

During trial, the court rejected the claim that PED was not responsible for the school districts' failure to provide programs that would ameliorate the education gap due to a lack of control over school district spending. The court noted PED had read its statutory authority too narrowly and had forsaken its oversight role. The statutory obligation to supervise all schools and school officials, including taking over the control and management of a public school, was broad enough for PED to review and assure that school districts were using funds to provide programs to assist at-risk students. The court also noted PED did not sufficiently monitor nor audit the use of formula funds and federal funds to determine whether school districts were using funds as required for at-risk students.

Attachment

1. Family Income Index Planning Awards

SL/rl/al

Family Income Index Planning Awards (6/10/21)

LEA	School	Enrollment*	Family Income Index	FY22 Planning Allocation
ALBUQUERQUE	ALAMOSA ELEMENTARY	443	0.6614	\$278,976
ALBUQUERQUE	ARMIJO ELEMENTARY	284	0.6866	\$185,666
ALBUQUERQUE	ATRISCO ELEMENTARY	285	0.6281	\$170,432
ALBUQUERQUE	EMERSON ELEMENTARY	439	0.6788	\$283,736
ALBUQUERQUE	HAWTHORNE ELEMENTARY	367	0.6131	\$214,230
ALBUQUERQUE	HAYES MIDDLE	414	0.6667	\$262,789
ALBUQUERQUE	HODGIN ELEMENTARY	502	0.6394	\$305,635
ALBUQUERQUE	LA MESA ELEMENTARY	440	0.7727	\$323,726
ALBUQUERQUE	LAVALAND ELEMENTARY	488	0.6660	\$309,444
ALBUQUERQUE	LOWELL ELEMENTARY	234	0.7906	\$176,145
ALBUQUERQUE	MOUNTAIN VIEW ELEMENTARY	303	0.6007	\$173,289
ALBUQUERQUE	REGINALD CHAVEZ ELEMENTARY	250	0.6000	\$142,820
ALBUQUERQUE	TOMASITA ELEMENTARY	307	0.6319	\$184,714
ALBUQUERQUE	VAN BUREN MIDDLE	511	0.6360	\$309,444
ALBUQUERQUE	WHERRY ELEMENTARY	364	0.7308	\$253,268
ALBUQUERQUE	WHITTIER ELEMENTARY	295	0.6915	\$194,236
ALBUQUERQUE	WILSON MIDDLE	478	0.5962	\$271,358
RESERVE	RESERVE HIGH	57	0.4561	\$24,756
QUEMADO	DATIL ELEMENTARY	18	0.5556	\$20,000
ROSWELL	MISSOURI AVE ELEMENTARY	352	0.6136	\$205,661
ROSWELL	SUNSET ELEMENTARY	311	0.6077	\$179,953
RATON	RATON INTERMEDIATE	292	0.4932	\$137,107
SPRINGER	FORRESTER ELEMENTARY	30	0.5000	\$20,000
MAXWELL	MAXWELL MIDDLE	23	0.4783	\$20,000
CLOVIS	ARTS ACADEMY AT BELLA VISTA	363	0.7383	\$255,172
CLOVIS	JAMES BICKLEY ELEMENTARY	361	0.6953	\$238,986
FT SUMNER	FORT SUMNER ELEMENTARY	146	0.5411	\$75,219
LAS CRUCES	BOOKER T. WASHINGTON	346	0.6387	\$210,422
LAS CRUCES	CONLEE ELEMENTARY	433	0.7229	\$298,018
LAS CRUCES	HERMOSA HEIGHTS ELEMENTARY	404	0.6510	\$250,411
LAS CRUCES	VALLEY VIEW ELEMENTARY	391	0.7110	\$264,693

HATCH	RIO GRANDE ELEMENTARY	277	0.5812	\$153,294
GADSDEN	CHAPARRAL MIDDLE	597	0.7621	\$433,221
GADSDEN	DESERT VIEW ELEMENTARY	445	0.7663	\$324,678
ARTESIA	PEÑASCO ELEMENTARY	19	0.5789	\$20,000
SILVER CITY	SIXTH STREET ELEMENTARY	150	0.5333	\$76,171
COBRE CONS.	BAYARD ELEMENTARY	231	0.4589	\$100,926
SANTA ROSA	ANTON CHICO MIDDLE	34	0.7059	\$22,851
VAUGHN	VAUGHN ELEMENTARY	31	0.7419	\$21,899
ROY	ROY ELEMENTARY	40	0.5500	\$20,947
MOSQUERO	MOSQUERO ELEMENTARY	47	0.4468	\$20,000
LORDSBURG	DUGAN-TARANGO MIDDLE	64	0.5000	\$30,468
ANIMAS	ANIMAS MIDDLE	22	0.5455	\$20,000
HOBBS	EDISON ELEMENTARY	295	0.4441	\$124,730
RUIDOSO	SIERRA VISTA PRIMARY	524	0.4504	\$224,704
CARRIZOZO	CARRIZOZO MIDDLE	34	0.5294	\$20,000
HONDO	HONDO HIGH	74	0.5000	\$35,229
DEMING	RUBEN S. TORRES ELEMENTARY	437	0.7117	\$296,114
GALLUP	NAVAJO ELEMENTARY	287	0.8084	\$220,895
GALLUP	NAVAJO MIDDLE SCHOOL	121	0.6777	\$78,075
GALLUP	THOREAU ELEMENTARY	309	0.7023	\$206,613
MORA	HOLMAN ELEMENTARY	33	0.4848	\$20,000
WAGON MOUND	WAGON MOUND ELEMENTARY	51	0.6078	\$29,516
ALAMOGORDO	NORTH ELEMENTARY	394	0.5305	\$198,996
TULAROSA	TULAROSA ELEMENTARY	228	0.5921	\$128,538
CLOUDCROFT	CLOUDCROFT ELEMENTARY	178	0.4326	\$73,314
TUCUMCARI	TUCUMCARI ELEMENTARY	476	0.6261	\$283,736
HOUSE	HOUSE HIGH	22	0.5000	\$20,000
LOGAN	UTE LAKE ONLINE LEARNING CENTER	83	0.4940	\$39,038
SAN JON	SAN JON ELEMENTARY	71	0.5634	\$38,085
CHAMA	CHAMA ELEMENTARY	94	0.5426	\$48,559
DULCE	DULCE MIDDLE	114	0.5702	\$61,889
ESPAÑOLA	TONY QUINTANA ELEMENTARY	235	0.6170	\$138,060
JEMEZ MOUNTAIN	LYBROOK ELEMENTARY	81	0.6790	\$52,367
PORTALES	JAMES ELEMENTARY	416	0.5096	\$201,853

FLOYD	FLOYD MIDDLE	56	0.4821	\$25,708
BERNALILLO	ALGODONES ELEMENTARY	168	0.6667	\$106,639
CUBA	CUBA ELEMENTARY	222	0.6396	\$135,203
JEMEZ VALLEY	SAN DIEGO RIVERSIDE	88	0.5455	\$45,702
FARMINGTON	ANIMAS ELEMENTARY	411	0.6058	\$237,082
FARMINGTON	MCCORMICK ELEMENTARY	408	0.5784	\$224,704
BLOOMFIELD	NAABA ANI ELEMENTARY	504	0.4643	\$222,800
CENTRAL CONS.	NASCHITTI ELEMENTARY	90	0.6222	\$53,320
CENTRAL CONS.	NIZHONI ELEMENTARY	375	0.6427	\$229,465
WEST LAS VEGAS	WLV FAMILY PARTNERSHIP	29	0.7241	\$20,000
LAS VEGAS CITY	LVCS EARLY CHILDHOOD	107	0.5607	\$57,128
PECOS	PECOS ELEMENTARY	253	0.4704	\$113,304
SANTA FE	CESAR CHAVEZ ELEMENTARY	418	0.5383	\$214,230
SANTA FE	EDWARD ORTIZ MIDDLE	583	0.5214	\$289,449
SANTA FE	EL CAMINO REAL ACADEMY COMMUNITY	840	0.5429	\$434,174
TRUTH OR CONS.	T OR C ELEMENTARY	345	0.6116	\$200,900
SOCORRO	PARKVIEW ELEMENTARY	450	0.6422	\$275,167
MAGDALENA	MAGDALENA MIDDLE	71	0.5775	\$39,038
TAOS	CHRYSALIS ALTERNATIVE	12	0.7500	\$20,000
PENASCO	PENASCO HIGH	104	0.5000	\$49,511
MESA VISTA	OJO CALIENTE ELEMENTARY	46	0.4348	\$20,000
QUESTA	ALTA VISTA ELEMENTARY	93	0.6022	\$53,320
ESTANCIA	ESTANCIA MIDDLE	91	0.5385	\$46,655
MORIARTY-EDGEWOOD	MORIARTY ELEMENTARY	374	0.5294	\$188,523
MOUNTAINAIR	MOUNTAINAIR JR HIGH	51	0.7059	\$34,277
CLAYTON	CLAYTON JUNIOR HIGH	72	0.5000	\$34,277
LOS LUNAS	ANN PARISH ELEMENTARY	469	0.6375	\$284,688
LOS LUNAS	DESERT VIEW ELEMENTARY	399	0.5789	\$219,943
BELEN	LA PROMESA ELEMENTARY	200	0.6250	\$119,017
GRANTS	LAGUNA-ACOMA MIDDLE	49	0.6327	\$29,516
ZUNI	TWIN BUTTES CYBER ACADEMY	62	0.7903	\$46,655
CESAR CHAVEZ COMMUNITY SCHOOL	CESAR CHAVEZ COMMUNITY SCHOOL	194	0.6031	\$111,400

SOUTH VALLEY PREP	SOUTH VALLEY PREP	173	0.4682	\$77,123
ALBUQUERQUE BILINGUAL ACADEMY	ALBUQUERQUE BILINGUAL ACADEMY	416	0.5216	\$206,613
RED RIVER VALLEY CHARTER SCHOOL	RED RIVER VALLEY CHARTER SCHOOL	89	0.5169	\$43,798
MISSION ACHIEVEMENT AND SUCCESS	MISSION ACHIEVEMENT AND SUCCESS 2.0	239	0.5272	\$119,969
TAOS INTERNATIONAL SCHOOL	TAOS INTERNATIONAL SCHOOL	158	0.5443	\$81,884
LA ACADEMIA DOLORES HUERTA	LA ACADEMIA DOLORES HUERTA	82	0.6463	\$50,463
DEAP	DZIT DIT LOOL SCHOOL OF EMPOWERMENT ACTION AND PER	39	0.8205	\$30,468
LAS MONTANAS CHARTER	LAS MONTANAS CHARTER	177	0.6102	\$102,831
SIX DIRECTIONS INDIGENOUS SCHOOL	SIX DIRECTIONS INDIGENOUS SCHOOL	76	0.5000	\$36,181
ROOTS AND WINGS COMMUNITY	ROOTS & WINGS COMMUNITY	50	0.5000	\$23,803
RAICES DEL SABER XINACHTLI COMMUNITY SCHOOL	RAICES DEL SABER XINACHTLI COMMUNITY	30	0.6333	\$20,000
				\$15,000,000
*All student data based on 120D SY2020-2021				