

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

SPONSOR <u>Padilla</u>	LAST UPDATED _____
	ORIGINAL DATE <u>1/30/25</u>
SHORT TITLE <u>Out-of-School Programming</u>	BILL NUMBER <u>Senate Bill 93</u>
	ANALYST <u>Mabe/Liu</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$20,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Duplicates an appropriation in the LFC recommendation for the General Appropriation Act

Sources of Information

LFC Files
 Legislative Education Study Committee (LESC) Files
 U.S. Department of Education (USDE)
 Centers for Disease Control and Prevention (CDC)

Agency Analysis Received From
 Regional Education Cooperatives (RECA)

Agency Analysis was Solicited but Not Received From
 Public Education Department (PED)

SUMMARY

Synopsis of Senate Bill 93

Senate Bill 93 (SB93) appropriates \$20 million from the general fund to the Public Education Department (PED) to expand statewide out-of-school time (OST) programming for public school students. The bill directs PED to allocate \$10 million to school districts and \$10 million to local and statewide nonprofit organizations. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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 \$20 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund. Although this bill does not specify future appropriations, multiyear appropriations, particularly if used to fund services and those services perform well, create an expectation the program will continue in future fiscal years; therefore, this cost could become recurring after the funding period.

In FY24, PED started awarding grants to local education agencies and community-based organizations for OST, summer enrichment, and high dosage tutoring through three-year competitive grants through a \$20 million appropriation in the General Appropriation Act. While PED distributed \$7.4 million to 17 school districts and charter schools and two postsecondary institutions for OST programming, a 2023 joint LFC-LESC accountability report expressed concerns that \$9.2 million of the \$20 million appropriation appeared to be budgeted for initiatives that appeared to fall outside of the scope of OST programming. In response, the Legislature appropriated only \$15 million for OST programs in FY25, with \$8.5 million designated for high-dosage tutoring during or after school.

All three FY26 budget recommendations for public school support include a nonrecurring appropriation for out-of-school time learning, summer enrichment, and high-dosage tutoring. The LESL budget recommends \$20 million, the executive budget recommends \$15 million, and the LFC budget recommends \$15 million, including \$8.5 million for high-dosage tutoring. This bill would appropriate an additional \$20 million for out-of-school programming.

As LESL notes in its analysis, many providers received nonrecurring federal elementary and secondary school emergency relief (ESSER) grant funding for recurring operations. These ESSER grants, which came in three rounds, expired on September 30, 2024, and can no longer be used to support OST provider operations. To maintain current operating levels, these OST providers would need to seek other revenue streams.

According to USDE, New Mexico schools planned to use \$371.4 million, or 42 percent, of the third and largest ESSER grant to address student needs. As part of the third ESSER grant, schools were required to use 20 percent of the grant for activities to address the impacts of Covid-19 and learning loss. ESSER plans submitted by school districts and charter schools show the following activities to address learning loss in 2022:

- 36 local education agencies budgeted funds for tutoring,
- 29 local education agencies budgeted funds for summer learning,
- 28 local education agencies budgeted funds for afterschool programs, and
- 19 local education agencies budgeted funds for extended instructional time.

SIGNIFICANT ISSUES

In 2018, the 1st Judicial District Court ruled in the *Martinez-Yazzie* education sufficiency lawsuit that New Mexico's education system was not constitutionally sufficient nor uniform for all students. The court found evidence-based interventions that added instructional time like prekindergarten, K-3 Plus extended school year, summer school, afterschool, and extended learning time programs could help students close achievement gaps. However, the state had not

provided sufficient funding to cover programming for all students needing intervention, and administrative hurdles and delays in the receipt of funds limited participation to districts with sufficient capacity to apply for and sustain programs.

The court also found PED failed to provide verifiable evidence that its programs were working, and while the programs might have been worthwhile, participation was too limited and funding too inconsistent to support a constitutionally sufficient education system. The court noted additional resources should be directed to evidence-based programs to improve the performance of at-risk students and to focus on how money was used as opposed to how much was spent.

Out-of-school time is supervised programming that occurs beyond the confines of the regular school day. OST programs can focus on sports, academics, arts, gardening, STEM (science, technology, engineering, and math) or computer science activities, among other things. OST programs can increase physical activity, social interaction, emotional awareness, healthy eating, and academic learning. According to the Centers for Disease Control and Prevention, programs have even been shown to close achievement gaps and reduce health disparities.

According to the Afterschool Alliance, a nonpartisan nonprofit organization, more children in New Mexico would like to participate in an afterschool program than can. Geospatial data from the New Mexico Out-of-School Time Network shows OST programs in New Mexico are much more likely to be found in more populated areas. Transportation is also an issue in rural areas. The organization notes OST programs provide additional opportunities for children to be supervised, particularly during hours when students may not be in school and families may still be at work. OST programs can also keep parents in jobs or allow them to work more hours, according to the Afterschool Alliance.

PERFORMANCE IMPLICATIONS

PED has partnered with New Mexico State University to evaluate the effectiveness of the department's OST, summer enrichment program, and high-dosage/high-impact tutoring grant program during the 2024-2025 school year.

A 2018 LFC evaluation found summer and afterschool programming could augment instructional time and help to offset the disparity in enrichment opportunities between low-income and other students. While the programs could have positive academic benefits for students, funding fluctuated from year to year and was inadequate to meet demand. The evaluation noted the percent of grantees receiving state funding for afterschool and summer programs decreased from 56 percent in FY16 to 19 percent in FY18 due to an increase in applications and a decrease in state appropriations for afterschool programs.

Children of parents with higher annual incomes participate more in extracurricular activities than other children, and low-income students do not have the same access to OST programs as do middle-income and higher-income students. Research from ExpandedED found children from middle- and high-income families receive 6,000 more hours of learning from afterschool and enrichment activities than children in poverty by the sixth grade.

In 2015, a Pew Research Center survey found parents with a higher annual income were more likely to report their children participated in an extracurricular activity. High-income families spend more on learning enrichment than low-income families, and this spending gap has

increased over time, with families in the richest quintile spending almost six times more per child than families in the poorest quintile on enrichment expenditures (e.g. books, childcare, and summer camps) in 2005-06.

New Mexico participates in a federal program called the Nita M. Lowey 21st Century Community Learning Centers (21st CCLC) that provides afterschool programming for students at high-poverty, low-performing schools. According to an NMSU evaluation of New Mexico's CCLC in FY24, 9,079 students participated at 117 schools in academic enrichment, healthy and active lifestyle, STEM, and other enriching activities. Student scores grew overall in both reading and math, but the *Martinez-Yazzie* subgroups of English learners and American Indian or Native Alaskan students had lower averages.

Proponents of OST programs typically cite three primary benefits that programs offer: providing high-quality supervision at times when youth may engage in risky behaviors; providing enriching activities that may otherwise be dependent on family income; and providing an academic boost to low-income students.

It is difficult to make broad conclusions about the success of OST programs, given there is considerable disparity in outcomes due to the variation in OST models. While some programs focus primarily on academic achievement, others aim to expose children to art, promote positive social skills, or decrease substance use, for example. A meta-analysis of OST studies by the Rand Corporation concluded academic OST programs can measurably improve student achievement (the exception was homework help, which did not have an effect on academic outcomes). The study also argued while nonacademic OST programs do not necessarily improve academic outcomes, they provide other benefits—like high-quality supervision—which are often not well measured.

ADMINISTRATIVE IMPLICATIONS

If passed, Senate Bill 93 would add \$20 million to either the \$15 million in the LFC and executive budget recommendation or \$20 million in the LESC budget recommendation. While this would increase the number of grant applications, the agency has an existing grant process for this appropriation.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill duplicates an appropriation of \$15 million for OST learning time opportunities, summer enrichment, and high-dosage tutoring in the General Appropriation Act.