LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
56th Legislature, 1st Session, 2023

Bill Number SB3/aSFC **Sponsor** Stewart

Tracking Number .223987.2 **Committee Referrals** SEC/SFC

Short Title Family Income Index Distributions Flexibility

Analyst Andrews **Original Date** 1/23/2023 **Last Updated** 2/16/2023

BILL SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee (SFC) amendment to SB3 removes the appropriation by striking section 2 of the bill in its entirety and removing "making an appropriation" in the short title.

Synopsis of Bill

Senate Bill 3 (SB3) amends the Family Income Index Act (see Section 22-8F NMSA 1978) to remove some restrictions on how funding for the act must be used by schools, and adds language to specify instructional resources and materials purchased with the family income index allocations must be evidence-based and high-quality.

The bill has no effective date. It is assumed it would go into effect 90 days after the adjournment of the Legislature.

FISCAL IMPACT

The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2&3/HAFCS) includes $15 million from the public education reform fund for expenditure in FY24 to support the family income index.

In 2021, the Legislature appropriated $30 million to support the family income index, with $15 million authorized for FY22 and $15 million authorized for FY23. The FY23 general fund appropriation included $15 million for at-risk interventions, which must be prioritized to schools with the highest family income indexes.

SUBSTANTIVE ISSUES

Family Income Index. The family income index was enacted in 2021 as a means to target funding to public schools with high concentrations of poverty. It calculates funding based on each public school's percentage of students from households with incomes below 130 percent of the federal poverty level. Unlike the at-risk index, the family income index uses school-level data and distributes funds to be used at the school level. Current law provides allowable uses for family income index allocation and has one-third spending limitations for schools that receive $40 thousand or more: at least one-third of funding for evidence-based structured literacy interventions, at least one-third for evidence-based mathematics instruction and interventions, and no more than one-third for other interventions. Public schools with awards less than $40 thousand may spend their awards at their discretion, so long as funds are spent on allowable uses as defined by the act.

SB3/aSFC amends the act to remove the one-third spending limitations for schools that receive $40 thousand or more. The amendment would allow schools more flexibility in catering interventions and services to their particular needs and spending limitations. While the existing specified uses as defined by the act will remain, schools that receive an award of more than $40 thousand would no longer have to split their allocation into thirds; for example, a school could focus its entire allocation on structured literacy interventions instead of allocating only one-third of funding for this purpose and setting aside the remaining two-thirds for evidence-based mathematics instruction and whole school interventions.

PED's 2022 Family Income Index Annual Report recommended removing the one-third requirement for structured literacy, math, and other support services, rationalizing that "school districts noted the one-third requirement limited their ability to use the funds in a way that reflected their individual needs." PED awarded 108 public schools family income index planning awards in FY22; 78 of the schools or 72 percent, received more than $40 thousand and thus had one-third spending limitations.

At-Risk Index. New Mexico's public school funding formula has an 'at-risk' component that allocates funds to local education agencies (LEAs)—that is school districts and state charter schools—based on percentage of membership used to determine Title I funding, percentage of English learners, and percentage of student mobility. At-risk index funding flows to all LEAs, yet is weighted to allow LEAs with more students who are categorized as 'at-risk' to receive more funds. Unlike the family income index, the at-risk index is based on LEA data and distributed at the LEA level. Currently, law gives recommendations as to how LEAs spend their generated at-risk funding, but there are no spending limitations.

SOURCES OF INFORMATION

- LESC Files

MCA/cf/mb/cf/msb