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FISCAL IMPACT REPORT

SPONSOR <u>Trujillo/Gallegos/Roybal</u> <u>Caballero/Romero, GA/Lente</u>	LAST UPDATED <u>3/3/23</u> ORIGINAL DATE <u>2/17/23</u>
SHORT TITLE <u>Hispanic Education Fund</u>	BILL NUMBER <u>House Bill 381/aHEC/aHAFC</u>
ANALYST <u>Liu</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$0.0	\$0.0 - \$1,000.0	\$0.0 - \$1,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to HB140, HB147, HB149, HB152

Duplicates an appropriation in the General Appropriation Act

Sources of Information

LFC Files

Responses Received From

New Mexico State University (NMSU)

Public Education Department (PED)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 381 strikes the \$1 million appropriation from the public education reform fund to support educators with teaching English to speakers of other languages (TESOL). The amendment further makes PED subject to appropriations from the Hispanic education fund, replacing language that would directly appropriate Hispanic education fund balances to the department.

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 381 appropriates \$1 million from the public education reform fund to support educators with TESOL. Any unexpended or unencumbered balances remaining at the end of FY24 shall revert to the public education reform fund.

Synopsis of Original Bill

House Bill 381 creates a Hispanic education fund administered by PED to further the purposes of the Hispanic Education Act. The bill further authorizes members of the Hispanic Education Advisory Council (HEAC) to receive per diem and mileage. This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

The HEC amendment appropriates \$1 million appropriation from the public education reform fund for this purpose, duplicating an appropriation in the HAFC Substitute for House Bill 2. The HAFC amendment strikes this appropriation. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

The HAFC Substitute for House Bill 2 includes \$1 million from the public education reform fund to support educators with TESOL endorsements and to implement provisions of the Hispanic Education Act. If this fund is established and the \$1 million is used for purposes relating to the Hispanic Education Act, the potential recurring costs for implementation may be up to \$1 million annually.

Provisions of the bill also authorize HEAC members to receive per diem and mileage. The council currently has 19 members, which could result in additional costs. The HEAC met online seven times during FY22.

SIGNIFICANT ISSUES

The Hispanic Education Act, signed into law in 2010, was intended to improve the educational success and postsecondary attainment of Hispanic students in New Mexico. The act provided for the study, development, and implementation of educational systems to close achievement gaps and increase graduation rates for Hispanic students, encourage and foster parental involvement in education, and provide mechanisms for stakeholder groups to collaborate on solutions.

According to the 2021 U.S. Census, about 49 percent of New Mexico's total population self-identifies as Hispanic or Latino. According to PED's FY22 enrollment data, 63 percent of New Mexico students identified as Hispanic. As such, performance of Hispanic students generally drives overall statewide trends in proficiency rates, graduation rates, etc.

The federal Office of Management and Budgets defines a Hispanic or Latino as a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. This means any person who self-identifies as Hispanic or Latino may also self-identify as one or more of the five minimum racial categories: American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, and White. By contrast, New Mexico statute requires the Hispanic category be considered equivalent to other racial categories. Under New Mexico classification standards, students who identify as Hispanic and White and no other race are recoded as Hispanic.

PERFORMANCE IMPLICATIONS

A 2021 LFC evaluation on implementation of the Indian Education Act found Native American students continue to perform well below peers on state and national measures of achievement, despite the availability of nearly \$147 million in state and federal funds at public schools and institutions of higher education for purposes aligned to the act. The report noted a history of understaffing at PED’s Indian Education Division, difficulties with funding utilization, challenges with local collaboration, and a lack of specific, targeted outcomes have resulted in a system that has not served Native American students in a comprehensive and coordinated manner. It is unclear whether the development of a Hispanic education fund structured similarly to the Indian education fund and administered by PED will result in better funding utilization, different collaborative efforts, or improved outcomes for Hispanic students.

PED notes persistent, substantial gaps in academic achievement and overall graduation rates exist between Hispanic students and non-Hispanic students in the state.

2022 School Performance in New Mexico for Hispanic and Non-Hispanic Students

Subject	Black	Hispanic	Native American	Caucasian	Asian
Language Arts, Proficiency and Above	31.7%	29.3%	17.2%	52.4%	61.2%
Math, Proficiency and Above	18.7%	19.8%	12.4%	41.1%	56%
Science, Proficiency and Above	26.8%	27.7%	19%	53.7%	60.3%

Source: PED

Furthermore, Hispanic students lag behind their non-Hispanic student peers related to overall graduation rates. For instance, in 2020, the four-year graduation rate for Hispanic students was 76.1 percent; compared to the rate of Caucasian students, 80.9 percent; and Asian students, 87.1 percent. The four-year overall graduation rate for Hispanic students in 2020 was the third lowest among racial groups, slightly above the Native American students’ four-year graduation rate of 72.3 percent and Black students’ four-year graduation rate of 73.8 percent.

ADMINISTRATIVE IMPLICATIONS

Provisions of this bill would authorize HEAC members to receive per diem and mileage, which may need to be approved through PED. Additionally, the bill establishes a Hispanic education fund, which would require PED to develop uses for the fund related to implementation of the Hispanic Education Act. Currently, the act only specifies the creation of a Hispanic education liaison and to support HEAC and PED on implementation and the publication of an annual Hispanic Education Act status report.

DUPLICATION, RELATIONSHIP

This bill duplicates an appropriation in the HAFC Substitute for House Bill 2, which appropriates \$1 million from the public education reform fund to PED to support educators with TESOL endorsements and to implement provisions of the Hispanic Education Act. The HAFC

amendment removes this appropriation.

This bill relates to House Bills 140, 147, and 149, which establish a tribal education trust fund to provide similar distributions as the Indian education fund and change distributions from the state directly to tribes; and House Bill 152, which updates the bilingual teacher certification exam.

OTHER SUBSTANTIVE ISSUES

NMSU notes the bill, which aims to increase access and equity, could bring about additional enrollment for higher education in the future. In addition, post-secondary institutions and teacher education programs are mentioned as groups from which representatives would serve on the council.

SL/al/ne/al