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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Lara</u>	<b>LAST UPDATED</b> _____ <b>ORIGINAL DATE</b> <u>2/2/24</u>
<b>SHORT TITLE</b> <u>Programs for Deaf Students</u>	<b>BILL NUMBER</b> <u>House Bill 228</u> <b>ANALYST</b> <u>Rovang/Lobaugh/ Liu</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Disability Language Program Unit		\$3,308.1 to \$5,704.9	\$3,308.1 to \$5,704.9	\$6,616.2 to \$11,409.8	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 132.  
 Duplicates Senate Bill 143

### Sources of Information

LFC Files

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

## SUMMARY

### Synopsis of House Bill 228

House Bill 228 creates a new disability language program unit within the public education funding formula to support school-based disability language instructional programs. Students whose individualized education programs specify that they are deaf or hard-of-hearing or require the use American Sign Language (ASL) as their primary communication and who participate a in school-based disability language instructional program will generate an additional 2.0 units within the existing funding formula.

The revenue generated from these new units will be used to fund district or charter school disability language instructional programs. The bill further requires PED to review and evaluate any such programs developed and implemented by school districts or charter schools. The effective date of this bill is the 2024-2025 school year and subsequent school years.

## FISCAL IMPLICATIONS

The bill does not include an appropriation but creates a new disability language formula factor in the state equalization guarantee (SEG), the pool of money allocated to schools through a funding formula, for special education students who participate in a school-based disability language instructional program. Between FY16 and FY21, an average of 457 students in New Mexico public schools identified with primary disabilities of either “deaf-blindness” or “hearing impaired.” Based on the FY24 unit value of \$6,241.67 and 2.0 disability language program units per student, the fiscal impact of this bill could be up to \$5.7 million. Absent an appropriation for this purpose, the funding formula would shift existing amounts within the SEG to schools with programs that serve students who are deaf, hard-of-hearing, or who communicate primarily through ASL, resulting in a net budget loss for schools that do not serve this population.

The upward bound of costs assumes every student who is deaf, hard-of-hearing, or who uses ASL to communicate attends a school with an appropriate disability language program to support them. Assuming that at least 10 eligible students are necessary within a district or charter school to warrant the creation of a disability language program, only 10 districts and one charter school would have been eligible for funding in 2020-2021 school year. Among these 11 entities, there were 265 students who would have generated \$3.3 million. As such, the fiscal impact of this bill is expressed as a range between \$3.3 million and \$5.7 million.

## SIGNIFICANT ISSUES

Students who are classed as being “deaf-blind” or “hearing impaired” already generate additional units within the public education funding formula under the special education unit multipliers. Like all students within New Mexico’s special education system, these students have cost differential multipliers based on the level of intervention required in their classrooms. Students in “level A” require minimal interventions, while students in “level D” require a maximum, or full-day, amount of special education interventions. In 2020-2021 school year (the most recent year for which LFC has disaggregated data), students with these disabilities generated 405.4 additional units, or about \$2.5 million at the FY24 unit value.

Level of Integration	Cost Multiplier	Deaf or Hard-of-Hearing Students (SY21)	Additional Units Generated
A	0.7	88	61.6
B	0.7	134	93.8
C	1	56	56
D	2	97	194
<b>Total Additional Units</b>			<b>405.4</b>

The \$3.3 million to \$5.7 million fiscal impact of this bill would be in addition to the approximately \$2.5 million already being generated to support this demographic of students.

## PERFORMANCE IMPLICATIONS

A 2023 LFC progress report on special education found special education enrollment has grown by 10 percent in the past decade, particularly among students with specific learning disabilities, such as dyslexia. Meanwhile, per-pupil funding for students in special education has increased 60 percent. In FY24, public schools will receive around \$716 million in state funding and \$119 million in federal funding for a total of \$835 million for special education to serve roughly 68 thousand students in special education statewide. However, this increase has not corresponded with improved student outcomes, and New Mexico remains in the bottom third of states for

special education student proficiency rates.

Public schools are also not fully utilizing state and federal special education funds, leading to substantial carryover and underspending. While teacher compensation has increased, there is still a shortage of special education teachers. The special education teacher shortage is less about a lack of licensed teachers than an inability to attract existing working teachers with multiple licenses to teach special education.

PED's investigations frequently reveal non-compliance within school districts and charter schools concerning special education law. Most complaints revolve around the Individualized Education Plan (IEP) process, and there is a disproportionate rate of informal removals for students with disabilities, signaling the need for more robust oversight and standardized practices.

## **ADMINISTRATIVE IMPLICATIONS**

The bill does not define what constitutes a “disability language program.” The bill also does not define performance metrics PED must use to evaluate eligible programs. As such, the department will need to develop guidelines or rules for what constitutes an eligible program and define performance metrics for routine evaluation.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill is a duplicate of Senate Bill 143.

The bill also relates to Senate Bill 132 and House Bill 229, which both create greater specificity around which types of special education support staff are permitted to generate additional funds within the SEG.

SR/CL/SL/al/hg