

Important Changes to Federal Funding for Low-Income Students' Advanced Placement Exams in New Mexico

The Every Student Succeeds Act (ESSA) – signed into law in December 2015 – makes important changes to federal funding for low-income students. New Mexico will need to act to ensure that low-income students continue to receive federal funding to reduce the cost of their AP Exams.

Starting with the May 2017 AP Exams, New Mexico will no longer be able to access funds through the federal AP Test Fee Program, which will expire after FY2016. The program was consolidated with many other education programs under ESSA Title IV, Part A. Funding for AP activities is also available under Title I and Title II.

As a result of federal funding, the number of AP Exams taken by low-income students in New Mexico has grown from approximately 880 in 1998, the year before the federal program began, to approximately 6,200 in 2015. The potential college tuition savings attributable to AP Exams taken by low-income students in New Mexico who received federal funding in 2015 and scored a 3 or higher is \$1.1 million.

Below is an overview of how New Mexico can use ESSA funds to expand AP access.

ESSA Funding Opportunities for AP

- **Title IV, Part A: Student Support and Academic Enrichment Grants**
 - AP is included in the first of three categories, which aims to provide all students with access to a well-rounded education.
 - States and districts can increase AP participation using Title IV funds for the following allowable activities:
 - Providing funding to cover part or all of the cost of AP Exam fees for low-income students;
 - Increasing student access to and improving student achievement in postsecondary level instruction and exams, including AP; and
 - Funding specific AP courses/exams.
 - Funds under the Title IV block grant will be distributed through formula grants to states based on the Title I funding formula. States will then allocate 95% of Title IV funds to local educational agencies.
 - Congress will establish the Title IV funding level in the FY2017 federal budget and the Department of Education will notify states and districts of their allocations.
- **Title I**
 - States may set aside 3 percent of Title I funds to provide grants to school districts for “direct student services,” which include:
 - Assisting students in completing AP courses and exams, and reimbursing low-income students for the cost of exams; and
 - Providing advanced courses not available at the student’s school.
 - In FY2016, the funding level for Title I was \$14.4 billion. Assuming a similar level in FY2017, the total amount available if all states choose to set aside 3% of these funds is \$430 million.
- **Title II**
 - Funding is provided to states through Title II for improving the quality and effectiveness of teachers. Professional development for AP teachers is an allowable use of these funds.
 - In FY2016, the funding level for Title II was \$2.8 billion.

Academic Year 2016-17 (May 2017 Exams)

Because ESSA implementation primarily occurs in academic year 2017-18, Congress included a *Special Rule*¹ under Title IV to allow states and districts to use FY2017 Title IV funds to cover all or part of AP Exams taken by low-income students in both May 2017 (during academic year 2016-17) and in May 2018 (during academic year 2017-18). Therefore, for FY2017, states will need to use one year of federal funding to cover two years' worth of AP Exams.

Academic Year 2017-18 (May 2018 Exams)

Starting in academic year 2017-18, states and districts can use Title IV block grant funding for a broad range of AP activities beyond covering AP Exam fees for low-income students. They can also use the Title IV block grant funds to expand access to AP opportunities for all students, including contributing to exam fees and funding teacher professional development, to increase AP access in schools. In addition, states may set aside 3 percent of FY2017 Title I funds to provide grants to school districts for direct student services, which include covering AP Exam fees and providing AP courses not currently available.

May 2017/2018 AP Exams in New Mexico

To ensure that federal funding is available to cover AP Exams taken by low-income students in 2017 and 2018, New Mexico can:

- Use its 5 percent state reservation of FY2017 Title IV funds to cover a portion of the AP exam fees for low-income students in both May 2017 and May 2018;
- Issue guidance encouraging districts to use their FY2017 Title IV funds to cover the AP exam fee for low-income students in both May 2017 and May 2018;
- Encourage districts to consider using carryover Title I funds to cover May 2017 exams; and
- Set aside 3 percent of FY2017 Title I Direct Student Services to fund AP Exam fees in May 2018.

Below is College Board's best guess, based on past volume, about the approximate federal funding New Mexico would need to cover AP Exams for low-income students in 2017 and 2018:

	2017	2018
Total projected AP exams taken by low-income students	7,100	7,900
Projected Net AP Exam price ² for low-income students, before federal subsidy	\$28	\$28
<i>*Assumes New Mexico continues to cover \$25/exam using state funds</i>		
Approximate Total funding required to:		
• Make AP Exams free for all low-income students	\$198,800	\$221,200
• Reduce the price to \$20 per exam for all low-income students	\$56,800	\$63,200

¹ **Sec. 4104 State Use of Funds: SPECIAL RULE** – A State that receives a grant under this subpart for fiscal year 2017 may use the amount made available to the State and not reserved under paragraphs (1) and (2) of subsection (a) for such fiscal year to cover part or all of the fees for accelerated learning examinations taken by low-income students during the 2016-17 school year, in accordance with subsection (b)(3)(A)(ii).

Sec. 4107 Activities to Support Well-rounded Educational Opportunities: SPECIAL RULE – A local educational agency, or consortium of such agencies, that receives a subgrant under this subpart for fiscal year 2017 may use such funds to cover part or all of the fees for accelerated learning examinations taken by low-income students during the 2016-17 school year, in accordance with subsection (a)(3)(D).

² Projected Net AP Exam price is the projected annual exam fee, less the projected College Board fee reduction for qualifying low-income students and less the school rebate. In 2016, these figures are: \$92 exam fee, \$30 College Board fee reduction, and \$9 school rebate.