

MINUTES
Legislative Education Study Committee
Virtual Meeting
January 18, 2021

Monday, January 18, 2021

The following voting and advisory members were present: Voting: Chair Christine Trujillo, Vice Chair Mimi Stewart, Senators Craig W. Brandt and William P. Soules, and Representatives Alonzo Baldonado, Rebecca Dow, Derrick J. Lente, G. Andrés Romero, and Sheryl Williams Stapleton; Advisory: Senators Linda M. Lopez, Michael Padilla, and Shannon D. Pinto, and Representatives Kelly K. Fajardo, Joanne J. Ferrary, Natalie Figueroa, David M. Gallegos, Joy Garratt, Susan K. Herrera, Raymundo Lara, Willie D. Madrid, Patricia Roybal Caballero, Debra M. Sariñana, and Elizabeth "Liz" Thomson.

On a motion by Senator Stewart and a second by Representative Romero, the committee approved the January LESC meeting agenda with no opposition.

On a motion by Senator Stewart and a second by Representative Romero, the committee approved the December LESC minutes with no opposition.

Draft 2020 LESC Annual Report. Joseph Simon, principal analyst, LESC, presented a draft of the 2020 LESC Annual Report to the committee, which includes discussions of the Covid-19 pandemic and the challenges faced by public schools in 2020, public school finance, assessments and accountability, virtual instruction, interventions for at-risk students, educator pipeline, early childhood education, college and career readiness, and capital outlay.

On a motion by Senator Soules and a second by Senator Stewart, the committee approved the LESC 2020 Annual Report subject to technical edits and final compilation by staff.

Potential Committee Endorsed Legislation. Staff presented bill drafts and analyses for several bills which the committee considered for endorsement. The committee voted to endorse the following bills:

- On a motion by Representative Romero and a second by Representative Lente, a bill to hold school district and charter school state equalization guarantee distributions harmless for Covid-related enrollment changes was endorsed with no opposition.
- On a motion by Senator Stewart and a second by Representative Romero, a bill to hold school district and charter school transportation distributions harmless for Covid-related ridership changes was endorsed with Senator Brandt voting in opposition.
- On a motion by Senator Stewart and a second by Senator Soules, a bill to create a commission on diversity, equity, and excellence in education was endorsed with Representative Lente voting in opposition.
- On a motion by Representative Dow and a second by Representative Williams Stapleton, a bill to address educator ethical misconduct was endorsed with no opposition.
- On a motion by Representative Trujillo and a second by Representative Lente, a bill to create an assistant secretary of Hispanic education at the Public Education Department (PED) and the Higher Education Department was endorsed with no opposition.

- On a motion by Senator Stewart and a second by Representative Williams Stapleton, a bill to change the definition of education technology infrastructure in the Public School Capital Outlay Act to allow expenditures on infrastructure and services for remote learning was endorsed with Senator Brandt voting in opposition.
- On a motion by Senator Stewart and a second by Representative Williams Stapleton, a bill to require all public high schools to offer a course in computer science was endorsed with Senator Soules voting in opposition.
- On a motion by Representative Trujillo and a second by Representative Lente, a bill to include all licensed school employees certified by the National Board for Professional Teaching Standards in the calculation for National Board program units in the state equalization guarantee was endorsed with no opposition.
- On a motion by Representative Trujillo and a second by Representative Lente, a bill to require ethnic studies instruction for kindergarten through 12th grade students was endorsed with Senator Soules and Representative Baldonado voting in opposition.
- On a motion by Representative Trujillo and a second by Representative Williams Stapleton, a bill to increase the fine arts program unit multiplier in the state equalization guarantee was endorsed with no opposition.

FY22 Public School Support and Public Education Department Budget

Recommendations. Mr. Simon noted the LESC, Legislative Finance Committee (LFC), and executive budget recommendations for public school support had areas of overlap. Legislative budgets proposed eliminating the Impact Aid credit, hold harmless provisions for fall 2021 budgets, cost of living adjustments for educators, and universal extended learning opportunities to address the Covid-19 pandemic. However, differences in methodologies among LFC and LESC led to different funding recommendations in a few areas. For example, LFC included more funding for universal extended learning time programs than LESC and the executive by estimating a larger number of students would participate.

The executive budget recommendation increased the total appropriation to the state equalization guarantee distribution (SEG) from \$3.046 billion in FY21 to \$3.174 billion, an increase of 4.2 percent. The LFC recommendation increased the SEG by 4.9 percent to \$3.195 billion, and the LESC recommendation increased the SEG by 5 percent to \$3.198 billion. Mr. Simon also noted the state is expecting \$440 million in federal stimulus funds for public schools, 90 percent of which will flow through the federal Title I funding formula directly to public schools and 10 percent of which will be retained by PED.

Mr. Simon noted there is also general agreement between the three budget recommendations for categorical spending and spending on PED special appropriations, generally referred to "below-the-line" appropriations, though there are some minor differences in methodologies used by the three recommendations. For example, LESC combined a number of teacher professional development appropriations into a single appropriation to the teacher professional development fund. The LESC recommendation did the same with a "student nutrition and wellness" line item which combined funding for elementary breakfast, New Mexico-grown fruits and vegetables, school lunch copayments, and feminine hygiene products.

Sunny Liu, fiscal analyst, LFC, explained the biggest differences between the three budget recommendations were in the program cost area of the budget that will become policy considerations for members during the 2021 legislative session. First, the Legislature will need to decide how to handle K-5 Plus and

Extended Learning Time Programs - the executive recommendation consolidates these appropriations but allows unused funding to be used for other programs while the LFC and LESC recommendations supplement existing formula funding with public education reform fund (PERF) dollars to allow participation by all schools. Mr. Liu noted differences in the three budget recommendations in use of nonrecurring PERF dollars - the executive proposed the use of PERF dollars to fund a "family income index" and a tribal remedy framework, while the LESC and LFC recommendations primarily use it to fund K-5 Plus and Extended Learning Time Programs.

Cynthia Martinez, budget division deputy director, Department of Finance and Administration, reiterated the largest differences between the executive and legislative budget recommendations, including the consolidation of the K-5 Plus and Extended Learning Time Programs into a single \$151 million appropriation, intended to bring greater flexibility to the programs and braid funding for career technical education and community school initiatives. The executive budget recommendation also included more than \$250 million in nonrecurring appropriations for a family income index designed to better target funding to schools with high poverty, a tribal remedy framework to respond to the needs of the *Martinez* and *Yazzie* lawsuit, a work-based learning program, and continued digital access for students and teachers during the Covid-19 pandemic.

Representative Dow asked whether the family income index will account for other at-risk indicators, like students with disabilities. Ryan Stewart, Ed.L.D., secretary, PED, noted the family income index should be considered one of many tools to address funding for students at risk of failing. Mr. Stewart noted the department believes the use of family income information may be the best way to target funding to low-income students. The index will be calculated in partnership with the Taxation and Revenue Department using data that will provide a robust and accurate measurement of poverty within a school. Students with special needs require additional support, but the family income index is not intended to support these students. There is a working group that is working on this issue.

Representative Dow asked why the state needs to provide funding for paid internships given federal funds provided pursuant to the federal Workforce Innovation and Opportunity Act (WIOA). Mr. Stewart was unsure of the amount of WIOA funds available in New Mexico, but noted students have felt the burden of supplementing family income during the pandemic and have left school to join the workforce. One way to allow these students to continue working while receiving an education is to allow them to work in paid internships aligned to their academic content in high-demand industries. The proposal could align workforce experience with graduation requirements.

In response to a question from Representative Herrera, Mr. Stewart said federal stimulus funds can be spent on a wide variety of uses that fall within the broad categorization of "Covid relief." The funds will be available until September 2023. Representative Herrera asked whether the funds could be used to expand K-5 Plus and Extended Learning Time Programs. Mr. Stewart said his understanding is that the funds could be used for this and it would not necessarily impact the amount of funding school districts receive from the state. Representative Herrera asked whether school boards would be trained on how to effectively use the massive influx of federal relief funding. Mr. Stewart said PED published guidance documents, which included training opportunities for school districts, on making Covid-related purchases, like personal protective equipment and cleaning supplies. He explained new guidance will focus on closing the digital

divide, improving indoor air quality with filtration systems, and accelerating learning in an online setting and in person.

New Mexico Voices for Children Tax Policy Proposal. Amber Wallin, deputy director, New Mexico Voices for Children, explained Voices for Children is a nonpartisan nonprofit that conducts research on policies that impact the wellbeing of New Mexico children, families, and communities. Two decades ago, Voices for Children began working on tax policy to advocate for robust revenues to support programs that impact students.

Paige Knight, lead fiscal policy analyst, New Mexico Voices for Children, said tax policy can be used to increase funding for education and advance equity for students statewide. Before the pandemic, New Mexico started on a path to prosperity. In 2019 and 2020, policymakers made investments in strong policies like a tax cuts for low-income families and increasing revenue for programs that impact students. However, the pandemic created new challenges, including increases in unemployment, anxiety, stress, depression, fear of eviction, and food insecurity. Approximately 22 percent of students lost access to education due to a lack of internet access at home. The impacts of Covid-19 were inequitable along lines of income and race, with low-income, Hispanic, and Native American New Mexicans at a greater risk of contracting the virus, but also at greater risk of losing their employment. The increased economic insecurity impacts students' education. Ms. Wallin noted tax policy can advance equity because it determines which individuals should pay more or less, and which individuals should receive greater benefits from the system.

Ms. Wallin recommended tax policies Voices for Children believes will support increased revenue for education and improved educational outcomes. First, improving family tax credits will expand economic recovery and support social and emotional health and student educational success. Ms. Wallin proposed increasing the rate of the working families tax credit, based on the federal earned income tax credit, as well as eliminating exclusions based on immigration status. Ms. Wallin also recommended increasing the low-income comprehensive tax rebate (LICTR) to adjust it for inflation and increase the income threshold to qualify for the credit to \$36 thousand, which could benefit 125 thousand low-income New Mexicans per year. Ms. Wallin also noted eliminating 2003 personal income tax cuts and increasing income taxes on wealthy earners could generate an additional \$50 million to \$250 million per year, and eliminating 2013 corporate capital gains deductions could generate \$30 million to \$60 million annually. Additionally, increasing corporate tax rates on profitable corporations could generate another \$30 million to \$60 million annually. These new revenues could offset the cost of low-income tax cuts and increase revenues for education, reducing the state's dependence on oil and gas revenues and reduce the volatility of state revenues for education.

Representative Ferrary asked whether Voices for Children supports raising taxes on alcohol and food sales. Ms. Wallin replied Voices for Children strongly supports increasing taxes on alcohol and tobacco, which research shows can increase revenue and also reduce the prevalence of these risk behaviors. However, Ms. Wallin stated the state should not raise taxes on food because the state has one of the highest rates of food insecurity in the country, and there are many other options that will not impact low-income families.

Representative Herrera asked about the organization's position on the film tax credit. Ms. Wallin said the credit costs the state an enormous amount each year. Voices for Children supports the tax credit, but believes it should not be expanded every year. Because the film tax credit is taken out of the corporate

tax revenues, our corporate tax revenues are actually much lower than they could be. Representative Herrera asked for some detailed numbers on the film tax credit, and asked whether there is legislation that proposes to repeal the 2003 personal income tax changes. Ms. Wallin noted bills introduced by Senators O'Neill and Tallman propose to increase income tax on the highest earners, and Voices for Children has been discussing similar ideas with Representative Martinez.