

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 03/08/11

SPONSOR Pinto LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Study Indian Education Impact Aid Money SJM 35

ANALYST Kleats

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal		Minimal	Non-recurring	LESC Operating Budget

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 35 (SJM 35) requests the Legislative Education Study Committee (LESC) evaluate the status of Public Law 81-874, regarding impact aid set-aside funds, to determine if the local process used by districts ensures collaboration with tribal leaders and leads to an accurate identification of local needs through meaningful assessment processes in fulfillment of the requirements of law and American Indian policies and procedures.

SJM 35 requests that the study examine the use of impact aid supplemental funds within the twenty-three districts to ensure that those funds are used to meet statutory requirements and to address educational needs to support the success of American Indian students.

SJM 35 requests the LESC hold hearings to receive testimony from the assistant secretary of the Indian Education Division of the Public Education Department (PED), the secretary of Indian Affairs, a representative from the American Indian post-secondary education division of the Higher Education Department, tribal leaders, representatives from tribal colleges, parents of American Indian students, school district superintendents and other interested individuals or organizations.

### FISCAL IMPLICATIONS

HJM 44 carries neither appropriations nor changes in revenue and results in no fiscal impact.

## **SIGNIFICANT ISSUES**

According to the 2008-2009 tribal education status report, American Indian students make up eleven percent of statewide student enrollment, and twenty-three of the eighty-nine school districts in New Mexico serve American Indian students.

The New Mexico Legislature passed the Indian Education Act in 2003 to further the educational opportunities for American Indian students and to enhance reporting and accountability to Indian parents and tribal leaders, and the legislature furthered its commitment to American Indian students by passing the American Indian Post-Secondary Education Act in 2009.

Studies by the office of education accountability show that, as a group, American Indian students are poorly prepared for college; since 2000, two-thirds or more of all American Indian students have taken remedial courses during their first semester of college.

The poor preparation for college can be linked to elementary and secondary education. Current school performance data, as documented by PED for the twenty-three identified school districts, indicate extremely low levels of school performance and little advancement in reading, math and sciences among American Indian students.

A recently concluded audit commissioned by the senate finance committee found major discrepancies in the allocation and use of supplemental Public Law 81-874 set-aside funds within several of the twenty-three school districts serving American Indian populations.

Four funding programs, including the Indian Education Act, were used by school districts for American Indian students. Public Law 81-874, also known as impact aid, provides funding to districts and is intended to supplement district operational efforts to meet the academic and social needs and priorities of American Indian students, as those needs and priorities are collaboratively defined by tribal parents, leaders and the districts; and

Decisions on how to allocate impact aid funding, which is twenty-five percent above base, reside with the local school district and tribal leaders. The eight northern pueblos have approved a resolution calling for increased accountability in the use of impact aid set-aside funds to meet the educational needs and priorities of American Indian students and for strengthened collaboration with pueblo leadership;

## **ADMINISTRATIVE IMPLICATIONS**

SJM 35 requests LESC conduct an evaluation and hold hearings to provide adequate testimony to support the evaluation. Holding hearings may require a larger dedication of administrative resources than an evaluation alone. This analysis assumes LESC can complete all requests with existing resources.

IK/bym