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FISCAL IMPACT REPORT

BILL NUMBER: Senate Bill 37/aHEC

SHORT TITLE: High Quality Literacy Instruction Act

SPONSOR: Sen. Stewart/Reps. Garratt and Cullen

LAST ORIGINAL
UPDATE: 3/2/26 **DATE:** 1/23/26 **ANALYST:** Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
PED		Indeterminate but minimal	\$7,192.4 - \$14,560.0	\$7,192.4 - \$14,560.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bills 116, 118, 119 and Senate Bills 29, 34, 233

Relates to an appropriation in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 as amended by Senate Finance Committee (General Appropriation Act)

Sources of Information

LFC Files
 Legislative Education Study Committee (LESC) Files

Agency or Agencies Providing Analysis

Public Education Department
 Regional Education Cooperatives

SUMMARY

Synopsis of HEC Amendment

The House Education Committee amendment to Senate Bill 37 (SB37) expands evidence-based practices for biliteracy to apply to students in bilingual or dual language programs, requires teacher preparation program approval to include a review of requirements for supporting English language learners and for biliteracy instruction, emphasizes the use of high-quality instructional materials that are culturally and linguistically relevant for interventions in all grade levels, requires instructional materials in bilingual or dual language programs to support biliteracy, and reduces monthly written student progress reports for parents to four reports each school year.

Synopsis of Senate Bill 37

Senate Bill 37 (SB37) requires instructional materials to be consistent with the science of reading

and prohibits use of the three-cueing model for literacy instruction in early grades, for supplemental instruction or interventions in all grades, and for student teaching experiences overseen by teacher preparation programs. Beginning in FY28, the bill requires schools to administer a Public Education Department (PED) approved literacy assessment for all students between kindergarten and third grade and requires parental notification if their student is identified as having a reading difficulty. The notification will include a plan for providing school and home supports. Additionally, PED must assign a literacy instructional coach to each public elementary school in the lowest quartile of reading proficiency statewide for three years. The bill further includes provisions to address literacy development in English and home languages. This bill is endorsed by Legislative Education Study Committee (LESC).

The effective date of this bill is July 1, 2026.

FISCAL IMPLICATIONS

The bill does not contain an appropriation but could create significant operational costs beginning in FY28 to place literacy instructional coaches at elementary schools statewide. According to PED, the state has 462 elementary schools, meaning the department could assign as many as 115 coaches to serve the bottom quartile of elementary schools each year. The department estimates the costs of hiring these coaches at \$14.6 million.

Currently, PED contracts for 54 early literacy coaches and two coordinators through Regional Education Cooperative (REC) 5 and REC 10 for \$7.2 million out of its \$14 million structured literacy appropriation. If these coaches meet the qualifications outlined in the bill and can be reassigned to support a low-performing elementary school, the costs of implementation would decrease. Additionally, the department has 15 secondary literacy coaches and a coordinator contracted for similar work in secondary schools.

The H AFC Substitute for House Bills 2 and 3 as amended by SFC includes multiple related appropriations to PED, including a recurring \$14 million for early literacy initiatives, a recurring \$2 million for literacy coaches, a nonrecurring \$14.6 million for literacy coaches, a nonrecurring \$2 million for literacy institute operations, a nonrecurring \$29 million for summer reading and math programs, and a 3-year appropriation of \$15.3 million for high-impact tutoring. The department also has \$10.4 million remaining for the next two years for secondary literacy initiatives, which was authorized in the previous legislative session.

In recent years, Mississippi has shown significant sustained growth in national test performance, moving its ranking from the bottom to near the national average on reading and math proficiency. Provisions of this bill that deploy literacy coaches across the state appear to mimic one of Mississippi's strategies, although the state only hired 24 coaches after its literacy act passed in 2013. Initially, over 600 individuals applied for 75 literacy coach positions, showing the state focused more on the quality of coaches rather than the quantity of coaches. In 2025, Mississippi employed 38 coaches and signaled an intent to hire 22 more to support its 441 elementary schools.

SIGNIFICANT ISSUES

Laws 2019, Chapter 256 (Senate Bill 398), established universal dyslexia screening for first

grade students, interventions for students with dyslexia, and required schools to develop plans to provide structured literacy training for all elementary teachers. The Legislature appropriated \$1.7 million to PED for a statewide literacy initiative in FY21 to support educators in teaching elementary students to read. In FY23, the Legislature expanded this appropriation to \$8 million and appropriated another \$8 million through the state equalization guarantee (SEG) distribution for schools to support structured literacy implementation through operational funds. PED has sponsored Language Essentials for Teachers of Reading and Spelling (LETRS) training through the department's allocation to train all elementary school teachers at no cost to schools, and many teachers have leveraged professional development time to complete the LETRS modules. For FY27, the executive, LFC, and LESC budget recommendations include \$14 million to PED for this recurring initiative, flat with the prior year. The executive further recommends \$14.6 million from a nonrecurring appropriation for the literacy coaches in this bill.

Laws 2025, Chapter 149 (House Bill 156) raised teacher minimum salary levels and also required New Mexico's public postsecondary teacher preparation programs to integrate instruction on the science of reading into their curricula so that new level 1 licensure applicants would be better prepared to teach literacy effectively. The law defined "high-quality instruction materials," "structured literacy," "scientifically based reading instruction," and "science of reading" and detailed what teacher preparation programs must offer, including relevant coursework and at least 100 hours of supervised field experience in classrooms utilizing science of reading methods. Additionally, PED was required to develop standards related to the five components of the science of reading instruction, monitor program compliance, conduct evaluations of course content, faculty qualifications, and graduate effectiveness and may require corrective action. Teacher preparation programs must also submit annual reports detailing alignment with these standards, candidate performance data, and their graduates' impact on student literacy outcomes.

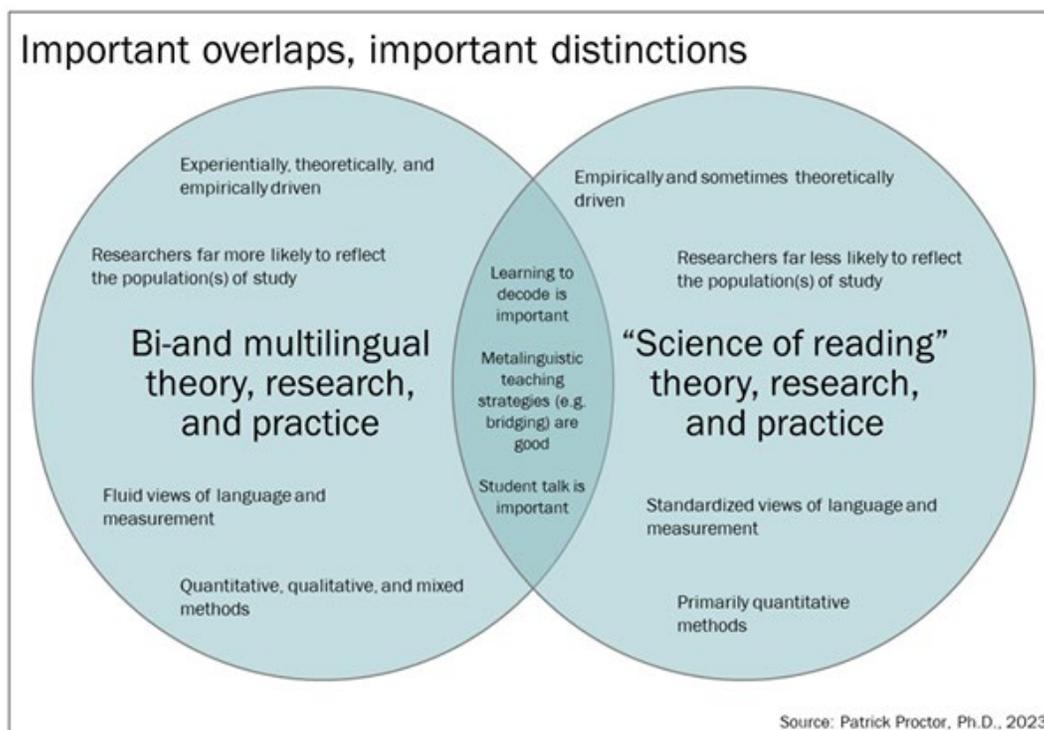
In the last century, teachers providing instruction on reading have been using either a structured literacy (explicit phonics and decoding skills) approach or a balanced literacy (phonics alongside strategies like visual cues, context, and exposure to rich and varied texts) approach. In 1997, the U.S. Congress asked the National Institute of Child Health and Human Development to form the National Reading Panel (NRP) to determine what methods best taught students to read. After reviewing a large body of research, NRP published a report in 2000 that highlighted five key components of reading instruction: phonemic awareness, phonics, fluency, vocabulary, and comprehension. The report discredited whole language approaches and supported structured literacy approaches. Even after the NRP report, many teachers and teacher preparation programs continued to teach balanced literacy approaches. Now many states are enacting science of reading legislation, which often bans balanced literacy approaches.

Importantly, structured literacy and the science of reading are closely related, but they are not the same thing. Structured literacy is an approach to reading instruction that is rooted in the science of reading, which refers to a large body of research on how the brain learns to read. Balanced literacy is grounded in the idea that reading is a natural process, but the science of reading has found that unlike speaking, reading is not a natural process. So, while some students seem to pick it up without effort, many need to be explicitly taught, and this includes children who are exposed to books and reading from a young age. That's why the balanced literacy tool of three-cueing, which has students guessing words they don't know based on cues like context or pictures, seems to work quite well for young readers, but doesn't work as well when texts become more complicated. Groups advocating for reading instruction for dyslexic students

support structured literacy, but the approach is useful for most students. As LESC notes in a 2024 policy brief, 50 percent to 65 percent of students need explicit literacy instruction to learn to read.

The HEC amendment adds multiple provisions to the bill emphasizing biliteracy instruction and materials alongside requirements related to alignment with the science of reading. The added focus on biliteracy reflects an ongoing balancing act between strengthening English literacy and supporting bilingualism. While practice and theory in both approaches have areas of overlap, important differences also exist.

A 2023 LESC report on biliteracy and the science of reading found legal imperatives and obligations for New Mexico to support bilingual education and recommended addressing the intersection of the science of reading and bilingual education to support biliteracy for students.

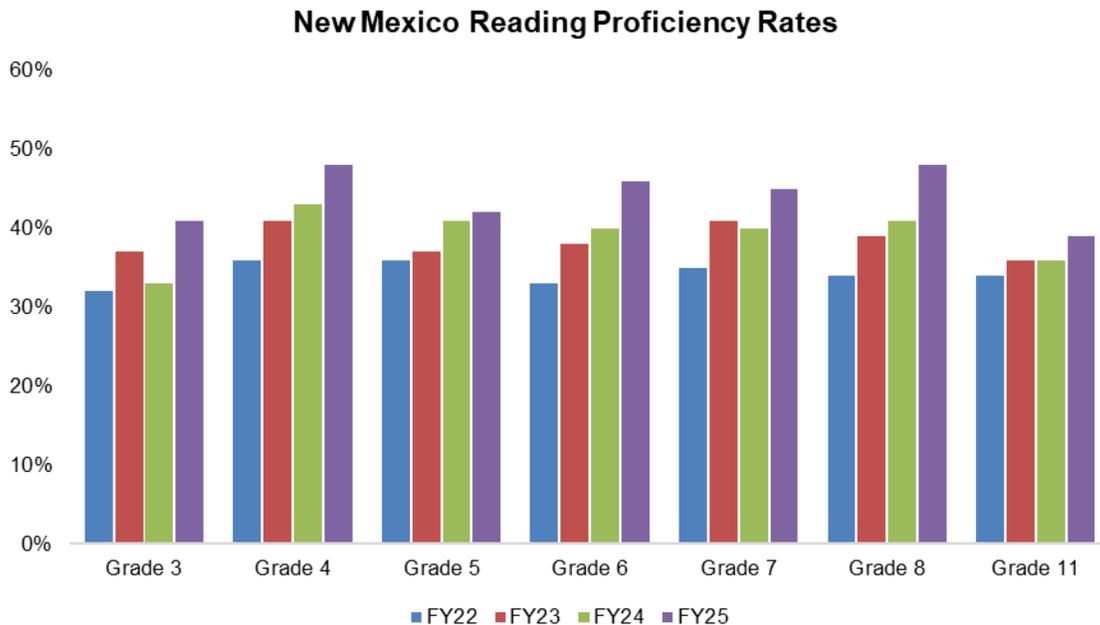


The 2023 LESC report cited Dr. Patrick Proctor’s work at Boston College, which focused on collective research encompassing the science of reading and bilingual education. Dr. Proctor’s findings suggest researchers all agree that decoding is vital to learning to read, which is the skill of translating printed words into spoken language. There is also general agreement that metalinguistic strategies are critical for student achievement. These strategies include analyzing and manipulating language structures, such as creating puns or rhymes and understanding differences between dialects or informal language. Finally, effective student talk strategies, such as providing students with structured, collaborative speaking opportunities are highly predictive of reading outcomes.

PERFORMANCE IMPLICATIONS

Provisions of this bill may affect reading proficiency rates across the state. For FY25, about 43

percent of students in New Mexico tested proficient on grade-level math, which has increased over the last several years. About 24.7 percent of students statewide scored at performance level 1 (novice) and 31 percent at performance level 2 (nearing proficiency) in FY25, meaning about 36.4 thousand students would likely need more intensive interventions than the average.



Source: PED

ADMINISTRATIVE IMPLICATIONS

Provisions of the bill will require teacher preparation programs to ensure student teachers are using instructional materials during field experiences that are aligned with PED’s academic standards and approved adoption list.

The bill will require schools to ensure instructional materials used for reading instruction in early grades and supplemental instruction in all grades aligns with the science of reading and excludes the three-cueing model, provided materials for English language learners in bilingual or dual language programs or similar settings shall support literacy development in English and home languages, if otherwise appropriate.

Beginning in FY28, schools must begin assessing students’ reading performance using a literacy screening assessment for all students between kindergarten and third grade. Schools must analyze test scores and notify parents of the results if their student is at risk of not achieving grade-level proficiency within 30 days of determination. The notice must include information about the student’s reading difficulty and skill deficits, interventions provided by the school, monthly monitoring of the student’s progress (the HEC amendment reduces this to four times per school year), and a read-at-home plan for parents to address skill deficits at home. Schools must then provide differentiated core instruction or targeted interventions for the student.

The bill also requires PED to develop a template for the parental notification and read-at-home plan, which must include information about daily reading activities and encouragement of home

language development and biliteracy for English language learners.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to several appropriations in the House Appropriations and Finance Committee substitute for House Bills 2 and 3 as amended by Senate Finance Committee (General Appropriation Act), including a recurring \$14 million for early literacy initiatives, a recurring \$2 million for literacy coaches, a nonrecurring \$14.6 million for literacy coaches, a nonrecurring \$2 million for literacy institute operations, a nonrecurring \$29 million for summer reading and math programs, and a 3-year appropriation of \$15.3 million for high-impact tutoring.

The bill also relates to House Bill 116, which amends the Bilingual Multicultural Education Act, House Bill 118, which creates a biliteracy development and training pilot project, House Bill 119, which creates program units for bilingual license endorsement, Senate Bill 29, which creates similar screening and parental notification processes for students with math difficulties, Senate Bill 34, which establishes new reporting requirements for student assessment and school accountability information, and Senate Bill 233, which requires students who have math or reading deficiencies to receive high-impact tutoring.

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