

LFC Requester:	Sunny Liu
-----------------------	------------------

**AGENCY BILL ANALYSIS
2019 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original	<input checked="" type="checkbox"/>	Amendment	<input type="checkbox"/>	Date	<u>2/28/19</u>
Correction	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Bill No:	<u>SB298</u>

Sponsor:	<u>Sen. William Soules</u>	Agency Code:	<u>924</u>
Short Title:	<u>PUBLIC PRE-KINDERGARTEN ACT</u>	Person Writing	<u>Daniel Manzano</u>
Phone:	<u>505-670-3820</u>	Email	<u>Daniel.Manzano@state.nm.us</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$42,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		(\$1,000.0)	(\$1,000.0)	(\$2,000.0)	Recurring	PED

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with: HJR1, SB22
 Duplicates/Relates to Appropriations in the General Appropriation Act for New Mexico PreK programs

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB298:

- enacts the public pre-kindergarten act,
- changes the definition of school-age person to include children who are four years of age prior to 12:01 a.m. on September 1 of the school year if that person is enrolled in a department –approved pre-kindergarten,
- expands the offering of pre-kindergarten, and makes full-day programs mandatory,
- expands pre-kindergarten eligibility,
- divides the administration of pre-kindergarten between the Children, Youth, and Families Department and the Public Education Department, phasing four-year-old PreK out of private programs and moving all four-year-olds to public schools while increasing funding to phase in 3-year-old pre-kindergarten in private programs funded by CYFD,
- provides the funding of public pre-kindergarten through the public school funding formula,
- makes appropriations
- Moves the responsibility for funding tribal pre-kindergarten services from the Children, Youth, and Families Department (CYFD) to PED with the creation of the Indian Pre-kindergarten fund

FISCAL IMPLICATIONS

SB298 requires appropriations for public school pre-kindergarten, but places those funds in the state equalization guarantee distribution of the public school fund. SB298 also requires that all programs be full-day. Currently, PED funds 3505 half-day children and 3227 full-day children in 65 school districts and 6 state charters.

The current “per child” amount for full-day programs is \$6,412.40. At this funding level, it would require \$43,168,277 to sustain all current programs as full-day. The multiplier assigned in SB298 to pre-kindergarten is 1.25. Using the final unit value for FY19 of \$4,159.16, the “per child” amount generated would be only \$5,198.95. This is a significant decrease in funding to public schools, especially in light of the increases proposed for teachers and school staff. The kindergarten multiplier is 1.44. Kindergarten requires an educational assistant at when class size reaches 15; pre-kindergarten requires an education assistant when class size reaches 11, thus staffing alone should dictate a higher multiplier for pre-kindergarten. The proposed rate in SB298 will require school districts to use other funds to cover the costs of pre-kindergarten, and may cause further concerns in light of the Yazzie/Martinez v. State of New Mexico decision that schools are under-funded. Another factor to consider is that teachers received substantial increases in compensation last year and more are proposed for FY20. Districts and charter schools have asked PED to consider raising the current ‘per child’ cost to cover salary increases.

SB298 provides an appropriation of \$34 million for public school pre-kindergarten and requires all programs to be full-day. For FY19, PED allocated \$32,335,546.00 to school districts for program costs not including transportation. Districts are currently serving 6,732 children, with 3,505 of these students served in half-day programs. Given the requirement in SB298 that all programs are full-day, only 6,539 children could be served in FY20 at \$5,198.95 per child. Either

not all current districts and charter schools could be funded for FY20, or some districts/charters would have to reduce enrollment.

SB298 provides \$1.5 million for instructional materials for public school pre-kindergarten programs, and requires an application process. This bill also provides \$5 million for transportation. In FY19, PED allocated \$1.302 million for transportation. As more districts convert to full-day, transportation costs may decrease because mid-day bus routes are no longer needed.

SB298 requires all PreK programs to be full-day. Not all districts have sufficient classroom capacity to accommodate full-day programs. For example, Rio Rancho serves 410 half-day children, and has a waiting list of over 100, but cannot expand or move to full-day due to lack of classroom space.

SB298 adds a substantial number of duties to PED, but provides no appropriation for staff to carry out these duties. PED will lose funding for administrative services and training and coaching for PreK staff. Scholarships for educational assistants, and teachers will not be funded, hindering districts from expanding PreK due to a lack of qualified staff. Public school PreK scholarships are an important part of early childhood educator capacity-building in the state. The state's ranking on the national NIEER report will decrease because the state will not provide coaching, professional development, and monitoring.

Section 5. The public school code is changed to require the following new duties of PED, however no appropriations are made for these purposes:

- provide seamless transition of children from early childhood settings into pre-kindergarten and other educational programs for students aged four through eight,
- develop and implement a pre-kindergarten program in which it oversees public schools' delivery of pre-kindergarten, including
 - coordinate with CYFD in the implementation of pre-kindergarten, including alignment of curriculum and employment standards; it should be noted that public schools require evidence-based curricula and PED licensed teachers
 - coordinate with federal Head Start agencies to avoid duplication of efforts and maximize use of available resources,
 - promulgate rules on public pre-kindergarten, including state policies and standards, that include:
 - prioritization for program expansion in areas of highest need;
 - requirement that pre-kindergarten be offered as a full-day program;
 - prioritize programs for student populations that have been historically underserved;
 - develop professional competency standards and developmentally appropriate curricular standards between public school pre-kindergarten and CYFD pre-kindergarten;
 - address the total developmental needs of children
 - alignment of pre-kindergarten with the district's elementary school calendar;
 - requiring evidence that districts collaborate with licensed child care providers and providers of developmental readiness programs (not defined);
 - create applications for funding

- assist school boards in monitoring and evaluating pre-kindergarten
- monitor public schools' delivery of program services and provide technical assistance
- provide an annual report to the governor and legislature

Section 6. Applies a cost differential factor of 1.25 for pre-kindergarten.

Section 7. Adds pre-kindergarten to program cost calculation—local responsibility

Section 8. Adds pre-kindergarten to the transportation distribution for to-and-from school

Section 9. Creates a public pre-kindergarten instructional materials fund. Districts must apply to PED for funds. Funds will be distributed on a per-classroom basis to purchase evidence-and research-based developmentally appropriate curriculum that is culturally and linguistically responsible to student heritage. The district must also establish a professional development describing how teachers will be trained and supported in using the materials purchased.

Section 10. A new section of the Indian Education Act is enacted to provide pre-kindergarten on tribal lands, and requires PED to collaborate with tribes and the CYFD to facilitate public and private pre-kindergarten on tribal lands. For public pre-kindergarten, the funding will come through the state equalization guarantee distribution and for private pre-kindergarten, from the CYFD. Standards for programs on tribal land and other public pre-kindergarten programs must align. PED will develop an application for pre-kindergarten collaboration with tribal officials, with specific requirements relevant to the tribal community.

Section 11. Creates the Indian Pre-Kindergarten fund in the state treasury. Money in this fund does not revert to the general fund and is to be used by PED to distribute awards to support Indian pre-kindergarten as provided in the Indian Education Act.

Section 12. The Pre-Kindergarten Act is amended to become the Children, Youth, and Families Pre-Kindergarten Act. Children who turn three years of age on September 1 of the school year. Note: The CYFD will best provide the analysis for this section and Sections 14 through 17.

Section 18. Provides for the phasing out of four-year-old pre-kindergarten in CYFD programs, though that department will maintain serving four-year-old children in FY20, then decrease funding for four-year-old children by 650 slots in each year, FY21 through FY24.

Section 19. This is a temporary provision that provides for the phasing out of four-year-old pre-kindergarten in CYFD programs while increasing four-year-olds in public school pre-kindergarten program until four-year-olds are served only by public schools in 2025. Public school programs will be funded to serve at least 80% of eligible four-year-olds in 2025. This section also increases the number of three-year-old children in CYFD pre-kindergarten programs until there is funding available for 50% of three-year-old children.

Section 20. Appropriations. SB298 makes the following appropriations to PED pre-kindergarten programs:

- \$34 million is appropriated from the general fund to the state equalization guarantee distribution of the public school fund for FY20. Any remaining funds revert to the General Fund. Based on the current public school funding formula final unit value of \$4,190.85 for FY19, the appropriation of \$34,000,000 could fund approximately 6,490.3 FTEs. (6,490.3 FTEs X 1.25 cost differential X

- \$4,190.85 unit value = \$33,999,842.2.)
- \$2 million is appropriated to the Indian Pre-kindergarten fund. Any remaining dollars at the end of the fiscal year do not revert to the general fund.
 - \$5 million is appropriated to the transportation distribution of the public school funds transport eligible pre-kindergarten students. Remaining balances revert to the general fund.

The following is appropriated for the CYFD prekindergarten program:

- \$19 million to implement the CYFD Pre-Kindergarten Act
- \$3 million in a separate account for scholarships in FY20 and subsequent years for scholarships. Funds do not revert
- \$20 million to maintain the FY19 level of four-year-olds in private pre-kindergarten programs in FY20. Remaining balances revert to the general fund.

SIGNIFICANT ISSUES

PED is not provided with funding to for administration and monitoring of programs, technical assistance, professional development or scholarships. Funding for these activities is critical to maintain and improving the quality of public pre-kindergarten programs. PED PreK appropriations currently support PED personnel, contracts for coaches and training, as well as the IT staff required to maintain and improve the Early Childhood Observation Tool, which is the application that houses the Preschool and Kindergarten Observation Tools used by all public school programs.

New Mexico has many communities without private early education providers. If all three-year-olds can only be served by private providers, many children in small rural communities will not have programs to attend.

PERFORMANCE IMPLICATIONS

PED and CYFD have worked together to develop and implement the PreK program with the New Mexico Early Learning Guidelines as the state's standards and benchmarks for young children. The agencies also have common program standards, with the exception that PED requires degreed and licensed staff.

It is important to maintain the system of coaching, training, and technical assistance that PED provides to teachers, educational assistants, and administrators in school districts. Many school administrators are also not trained in early childhood education and benefit from the training and technical assistance provide both by PED and through our contractors. It is also important to note that the National Institute of Early Education Research has established quality benchmarks that include these elements. The state's national ranking will fall without these important program components.

ADMINISTRATIVE IMPLICATIONS

SB298 adds a substantial number of duties to PED, but provides no appropriation for staff to carry out these duties. PED will lose funding for administrative services and training and coaching for PreK staff. Scholarships for educational assistants, and teachers will not be funded, hindering districts from expanding PreK due to a lack of qualified staff. Public school PreK scholarships are an important part of early childhood educator capacity-building in the state.

The PED will need to modify all of the funding formula worksheets used to compute the state equalization guarantee for school districts and charter schools. The unit value calculation will need to be modified to capture the impact of these additional minimum requirements to the funding formula. Any modification to the public school funding formula will require a fiscal year to modify the existing data collection systems and worksheets before they can be fully implemented.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB2

HJR1

SB22

SB 298 relates to the State Equalization Guarantee (SEG) appropriation contained in the General Appropriations Act.

TECHNICAL ISSUES

Section 12, C. “Eligible child” is defined as a child who is three years old on September 1. This does not align with the requirement for public pre-kindergarten children who must be four years old before 12:01 a.m. on September 1 (Section 1. O).

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

CYFD and PED will continue to collaborate to offer quality New Mexico PreK programs across the state through funding from the General Appropriation Act.

AMENDMENTS

The sponsors may wish to consider the following amendment:

Page 36, line 1, replace “2019” with “2020.”