

<b>LFC Requester:</b>	<b>Liu</b>
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**AGENCY BILL ANALYSIS  
2021 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

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*{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**     **Amendment**      
**Correction**     **Substitute**   

**Date** 2/23/2021  
**Bill No:** SB17

**Sponsor:** Sen. Mimi Stewart  
**Short Title:** FAMILY INCOME INDEX ACT

**Agency Name and Code**    PED - 924  
**Number:** \_\_\_\_\_  
**Person Writing:**    John Sena  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	FY22		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY21	FY22	FY23		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB135, School Opportunity & Equity Index.

Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Senate Bill 17 (SB17) would create the Family Income Index (FII) Act, which specifies a method to identify public schools serving large populations of the most economically disadvantaged students and by which additional funding would be targeted to those schools to be used on legislatively approved student interventions.

**FISCAL IMPLICATIONS**

SB17 does not contain an appropriation.

The executive budget recommendation includes \$80 million from the public education reform fund for use during FY22 and FY23.

School districts already receive additional funding through the at-risk index based on a formula that accounts for economically disadvantaged students, English learner students, and mobile students. In House Bill 5 and Senate Bill 1 from the 2019 legislative session, the legislature increased the at-risk factor and identified a variety of uses for at-risk funds. Unlike the at-risk index, which is based on district-level data and is distributed at the district level, the FII uses school-level data and would distribute funds to be used at the school level.

**SIGNIFICANT ISSUES**

*Calculating the Index.* SB17 would require the Public Education Department (PED) to collaborate with the New Mexico Taxation and Revenue Department (TRD) and the New Mexico Human Services Department (HSD) to gather income information in order to identify public schools serving large populations of economically disadvantaged students.

Using that information and U.S. census tract data, the PED would calculate the percentage of student households for each public school in each of the following income categories:

- Extremely low income: a household income of up to 75 percent of the federal poverty level;
- Very low income: a household income greater than 75 percent but less than 130 percent of the federal poverty level;
- Low income: a household income of at least 130 percent but less than 185 percent of the federal poverty level;

- Moderate income: a household income of at least 185 percent but less than 225 percent of the federal poverty level; and
- Above average income: a household income of 225 percent or higher of the federal poverty level.

The department would then divide the number of students in each category by the public school's total enrollment to determine the percentage of students in each category. Each public school's FII would be as follows:

- for FY22, the percentage of the public school's students in the extremely low and very low income categories during the preceding fiscal year;
- for FY23, the average of the percentages of the public school's students in the extremely low and very low income categories during the immediately preceding two fiscal years; and
- for FY24 and each subsequent fiscal year, the average of the percentages of the public school's students in the extremely low and very low income categories during the immediately preceding three fiscal years.

SB17 would require the department to rank all public schools in the state from lowest FII to highest FII by October 31 of each year and report the percentage of students at each public school in each income category to the Legislative Education Study Committee (LESC) and the Legislative Finance Committee (LFC) by November 15 of each year.

***Eligibility and distribution of funds through the FII.*** SB17 would require the department to identify school districts with public schools ranked in the 50 percent of highest family income indices, indicating they serve the most economically disadvantaged students. The department would multiply each district's number of school within that range by one tenth, effectively identifying the 10 percent of each school district's public schools within the 50 percent of highest family income indices. Those schools would be eligible for funding through the FII.

Under SB17, the department would determine each public school's proportional share by dividing the number of eligible students at each public school by the number of eligible students statewide. That proportional share would be multiplied by the total amount appropriated for distribution pursuant to the Family Income Index Act. Funding for an eligible public school is limited to the greater of that school's proportional share or \$20,000.

***Uses of FII funds.*** SB17 specifies allowable uses for public schools that receive FII funding. They include the following:

- at least one-third for evidence-based structured literacy interventions that have been shown to improve reading and writing achievement of students;
- at least one-third for evidence-based mathematics instruction and interventions, including educational programming intended to improve career and college readiness of at-risk students, dual or concurrent enrollment, and career and technical education; and
- no more than one-third on the following interventions: (a) case management, tutoring, and afterschool and summer enrichment programs that are delivered by social workers, counselors, teachers, or other professional staff; (b) culturally relevant professional and curriculum development, including those necessary to support language acquisition and bilingual and multicultural education; (c) whole school interventions, including social and emotional learning programs, multi-layered systems of support, student nutrition programs, school-based health centers, and community schools; (d) instructional

resources and materials; or (e) services to engage and support parents and families in the education of students.

SB17 would allow districts to use FII funds to expand or improve services provided as part of a public school's existing academic program, but not replace existing services.

**Reporting requirements.** SB17 requires school districts to identify which interventions will be supported with FII funds in their PED-approved educational plan in order to be eligible for funding. Subsequently, a school district that receives a FII distribution will be required to provide a description of how each public school used FII funding and the way in which it impacted student academic outcomes. The PED would be required to evaluate how each public school used its funding and the way it impacted student academic outcomes and report to the LFC and LESC by October 15 of each year beginning in FY22.

## **PERFORMANCE IMPLICATIONS**

**Impact of concentrated poverty.** Research has revealed the impacts of concentrated poverty on student academic performance and other indicators. According to the National Coalition on School Diversity, "Concentrated poverty in schools creates and sustains disparities in academic outcomes. High concentrations of students living in poverty complicate learning and teaching in schools, and reduce the effectiveness of other educational interventions designed to address gaps in academic outcomes."

According to New Mexico Voices for Children, more than one in four New Mexico children aged 0-17, 27.2 percent, lived in poverty in 2017. That number was much higher in certain parts of the state. In McKinley county, for example, 45.9 percent of children aged 0-17 lived in poverty, while in Rio Arriba county, nearly one in three children, 32.6 percent, lived in poverty.

But while concentrated poverty can have negative impacts on student academic outcomes, additional financial support has been found to lead to improvement in performance and, according to the National Bureau of Economic Research, "the robustness of patterns across a variety of settings is compelling evidence of a real positive causal relationship between increased school spending and student outcomes on average."

## **ADMINISTRATIVE IMPLICATIONS**

SB17 would require the PED to annually calculate the FII, distribute funds to public schools, track how public schools spend FII funds, and report to the legislature about the uses of funds and their impact on student academic outcomes.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB17 relates to HB135, School Opportunity & Equity Index.

## **TECHNICAL ISSUES**

N/A

## **OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

N/A

**AMENDMENTS**

N/A