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FISCAL IMPACT REPORT

SPONSOR Stewart LAST UPDATED _____
ORIGINAL DATE 1/28/24
SHORT TITLE Reading Materials Fund BILL NUMBER Senate Bill 193
ANALYST Liu

APPROPRIATION* (dollars in thousands)

FY24	FY25	Recurring or Nonrecurring	Fund Affected
	\$12,500.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis was Solicited but Not Received From
Public Education Department (PED)

SUMMARY

Synopsis of Senate Bill 193

Senate Bill 193 appropriates \$12.5 million from the general fund to the reading materials fund. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or May 15, 2024, if enacted.

FISCAL IMPLICATIONS

The appropriation of \$12.5 million contained in this bill is a recurring expense to the general fund. Because the appropriation is made to the reading materials fund, any unexpended or unencumbered balance remaining at the end of FY25 will not revert to the general fund. Although the bill does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring.

The current balance of the reading materials fund is \$97.1 thousand. The last transaction in the fund was a \$155.6 thousand transfer out of the fund's balances to address the state's general fund insolvency in FY16.

SIGNIFICANT ISSUES

In FY24, the reading materials fund was amended, authorizing the use of the fund for elementary

literacy instructional materials rather than reading programs. Eligible purchases were also changed from materials highly rated by either the Oregon Reading First Center or the Florida Center for Reading Research or materials listed in the International Dyslexia Association’s framework for informed reading and language instruction to materials on the advisory list of instructional programming created by the Colorado Department of Education or meeting the criteria of the New Mexico structured literacy instructional review rubric.

The reading materials fund is administered by PED to assist public schools that want to change their elementary literacy materials from the current adoption. Schools may request funding from the fund to purchase instructional materials that are necessary for a scientific research-based core comprehensive, intervention or supplementary reading program aligned with explicit, systematic, diagnostic, cumulative instruction in phonological and phonemic awareness, phonics, syllable types, morphology, semantics, and syntax. Eligible materials must be:

1. Core materials that are on the New Mexico kindergarten through eighth grade English language arts, Spanish language arts, English language development and world languages instructional materials adopted list and have received structured literacy recognition from the department; or
2. Intervention or supplemental materials that are on the advisory list of instructional programming created by the Colorado Department of Education or meet the criteria of the New Mexico structured literacy instructional review rubric.

In FY20, the Legislature stopped making appropriations to the instructional materials fund and instead allocated funding to the state equalization guarantee (SEG) distribution to provide schools with maximum flexibility to make instructional material purchases. Prior to FY20, schools received a per pupil allocation from the instructional materials fund and were statutorily required to spend at least half of the appropriation on materials from a state-developed adoption list (also known as the multiple list). The adoption list is updated annually based on a six-year rotation of different subject areas to help schools identify high-quality instructional materials.

INSTRUCTIONAL MATERIAL ADOPTION CYCLE*

Materials for Adoption:	Current Adoption		Upcoming Adoption Cycle				
	Summer Review Institute	Contract Period for Adopted Material	Next Summer Review Institute	Contract Period for Adopted Material	Legislative Funding for Purchasing Adopted Material**	Purchase for School Year	Earliest Delivery Date***
K- 12 Career & Technical Education, Health, Physical Education, Computer Science	June 2017	2018-2023	June 2023	2024 - 2029	2024 Session	24/25 (FY25)	July 1, 2024
K-12 Science	June 2018	2019-2024	June 2024	2025 - 2030	2025 Session	25/26 (FY26)	July 1, 2025
K-12 Math	June 2019	2020 - 2025	June 2025	2026 - 2031	2026 Session	26/27 (FY27)	July 1, 2026
9-12 English Language Arts, Spanish Language Arts, World Languages, English Language Development	June 2020	2021-2026	June 2026	2027-2032	2027 Session	27/28 (FY28)	July 1, 2027
K-8 English Language Arts, Spanish Language Arts, World Languages, English Language Development, Structured Literacy	June 2021	2022-2027	June 2027	2028 - 2033	2028 Session	28/29 (FY29)	July 1, 2028
K-12 Social Studies, Arts (Music, Theatre, Dance, Art)	June 2022	2023-2028	June 2028	2029 - 2034	2029 Session	29/30 (FY24)	July 1, 2029

Since FY20, schools have not been required to follow the instructional materials fund adoption cycle, although many districts continue to do so. The FY24 SEG distribution included \$55 million for instructional materials.

PERFORMANCE IMPLICATIONS

A 2014 LFC program evaluation on instructional materials noted instructional materials could impact student learning as significantly as teacher quality and were fundamental to student achievement but found the lack of staff within PED's Instructional Materials Bureau hindered the oversight and guidance functions mandated by New Mexico statute. Correspondingly, several school districts and charter schools spent instructional materials money in ways inconsistent with state law. Additionally, the instructional materials system was not currently operating as intended; several school districts reported no longer purchasing materials according to the state's adoption schedule, and many districts did not adhere to statute which required 50 percent of their annual allocation to purchase instructional materials from the state's list of approved instructional materials, also called the multiple list.

Evaluation findings also suggested the current instructional materials process was not ensuring resources reached classrooms. Both district leaders and teachers consistently reported instructional material needs were not currently being met, yet private schools, school districts, and charter schools consistently maintained large carry-over balances in instructional material funds, resulting in a combined carry-over of roughly \$9 million in FY13, or 33 percent of the total FY13 instructional materials allocation.

ADMINISTRATIVE IMPLICATIONS

PED would need to establish an application process for requests from the reading materials fund, issue award letters to recipient districts, and process reimbursements for eligible expenditures.

OTHER SUBSTANTIVE ISSUES

In the 2019 case *Moses v. Ruszkowski*, the New Mexico Supreme Court found the instructional material law, in which PED purchases textbooks that are loaned free of charge to public and private school students enrolled in first through 12th grade and in early childhood education programs, does not violate the New Mexico Constitution. The textbook loan program, which provides a generally available public benefit to students, does not result in the use of public funds in support of private schools as prohibited by Article XII, Section 3, and is consistent with Article IV, Section 31, which addresses appropriations for educational purposes, and Article IX, Section 14, which limits any donation to or in aid of any person, association or public or private corporation. As a statutory fund under the instructional material law, the reading materials fund could also be made available to private schools.