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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/09
 SPONSOR Miera LAST UPDATED 3/6/09 HB 140/aHEC/aSEC
 SHORT TITLE Public School Finance Reporting Dates SB _____
 ANALYST Wilson

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	\$0.1	\$0.1			Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)
 Relates to HB 331

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance & Administration (DFA)
 Public Education Department (PED)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to HB 140 changes the number of days from within five days to within ten days of the close of each reporting period that the superintendent of each school district and the head administrator of each state-chartered charter school shall have to furnish all reports, including financial reports to the PED.

Synopsis of HEC Amendment

The House Education Committee amendment to HB 140 states that if PED does not approve timely submissions, a district or charter school cannot be found noncompliant with the reporting requirements in this section of the bill.

Synopsis of Original Bill

House Bill 140 amends various sections of the Public School Finance Act and the Public School Building Act, Chapter 22 NMSA 1978, by removing the 40th, 80th and 120th day as reporting dates and standardizes reporting dates by establishing the second Wednesday of October as the first reporting date, the second Wednesday of December as the second reporting date and the second Wednesday of February as the “third” reporting date. HB 140 imposes penalties for not providing all reports required by the PED.

FISCAL IMPLICATIONS

Modifications to the PED data warehouse that currently collects student membership data, STARS, will need to be made, and costs could be incurred to implement any changes needed.

SIGNIFICANT ISSUES

One of the most important data functions conducted by the Public Education Department is gathering information about the number of students enrolled in public schools (including charter schools) across the state. The number of students is referred to a MEM. MEM means membership and is defined as the total enrollment of qualified students on the current roll of a class or school on specified day. MEM is crucial for determining the appropriations that fund schools budgets and how those budgets are distributed.

Currently, schools report their MEM and other data on the 40th, 80th, and 120th day of the school year. These dates can vary across school districts, however, because different districts may start their school calendars at different times of the year. The PED also notes in its analyses of HB 140 that having 40th, 80th, and 120th days vary across school districts and charter schools may lead to the double counting of some students who might be present in one district on the 80th day and then transfer to another district and be present in that district on their 80th day.

HB 140 addresses these issues by standardizing the reporting days so that:

- The second Wednesday in October is established as the first reporting date and replaces the 40th day reporting date.
- The second Wednesday in December is established as the second reporting date and replaces the 80th day reporting date.
- The second Wednesday in February is established as the third reporting date **and** replaces the 120th day reporting date.

HB 140 also provides the Public Education Department with the ability to impose penalties on school districts and charter schools who fail to furnish all department-required reports, including financial reports, within five days of the close of each reporting period. This is important because under the current system, because some school districts or charter schools are late in submitting their reports. As a result, the Public Education Department, other Executive agencies, and the Legislature are often unable to make key financial projects in a timely manner.

ADMINISTRATIVE IMPLICATIONS

The PED Information Technology Department indicates standardizing reporting dates will improve data quality and improve the business process in subsequent years.

COMPANIONSHIP

The changes in reporting dates proposed in HB 140 align with the reporting dates proposed in HB 331 Public School Funding Formula. HB 331 proposes sweeping changes to the current funding formula and has been a major focus of the Legislative Education Study Committee, the

Legislative Finance Committee and the Public Education Department for the last four years. The proposed amendments in HB 140 will strengthen the current system and, if HB 331 passes, will be in line with the new funding formula.

DW/svb:mt