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FISCAL IMPACT REPORT

SPONSOR Nava **ORIGINAL DATE** 02/20/09
LAST UPDATED 03/06/09 **HB** _____

SHORT TITLE Instructional Materials Purchases **SB** 575/aSEC/aSFC

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$0.1 See fiscal implications	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Higher Education Department (HED)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 575 as amended provides for the calculation of the annual amount of instructional material funds dedicated for adult basic education and provides for these funds to be transferred to the Adult Basic Education Fund.

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 575 provides that all instructional materials purchased using instructional materials funds can only be purchased through an in-state depository.

The amendment also makes technical adjustments to language aligning it with the provisions of the amendment.

Synopsis of Original Bill

Senate Bill 575 transfers responsibility for Adult Basic Education instructional materials from the Public Education Department (PED) to the Higher Education Department (HED).

The bill provides for the inclusion of private K-12 schools as purchasers of materials on the multiple list in state depositories, and it permits private schools to purchase off the multiple list.

The bill makes technical changes to statute.

FISCAL IMPLICATIONS

The bill appears to have no fiscal impact if the proportion of funding currently distributed to adult basic education programs continues to flow to the same manner. If additional appropriations are requested, as is expected, a potential impact of \$1 million or so could develop.

For FY09, the legislature appropriated \$434.8 for Adult Basic Education instructional materials of which the Instructional Material Bureau allocated eighty percent or \$347.8 thousand to ABE centers as their initial allocation.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

SIGNIFICANT ISSUES

Currently, the Instructional Material Fund is established under the oversight of PED. The purpose of the fund is to pay for the cost of instructional material pursuant to the Instructional Material Law. ABE students are among those eligible for educational materials paid for out of the Instructional Material Fund.

Under SB575, the responsibility for distributing funding for materials for ABE students as well as the responsibility for implementing accounting and inventory procedures is transferred from PED to NMHED. However, the bill strikes ABE from the Instructional Materials Law which currently incorporates ABE into the funding distribution, including purchasing and delivering instructional material. The bill contains no provisions for transfer of the ABE portion of the Instructional Material Fund from PED oversight to NMHED oversight.

The bill includes a provision that "no funds shall be expended for religious, sectarian or nonsecular materials." This provision will need to be monitored by the Instructional Material Bureau and enforced for 106 different private schools on an individual basis. To do this job thoroughly the bureau will need to review every purchase, and the bureau will need to obtain purchased titles that are not on the multiple list in order to ascertain whether they contain the proscribed elements.

The requirement that private schools make all Instructional Material-funded purchases through a depository will help streamline and reinforce accountability procedures established by the Instructional Material Bureau to maintain accurate records of spending and inventory. It will also facilitate the payment process.

HED notes the need to create an Adult Basic Education Instructional Materials fund in order to meet the provisions contained in this bill; however it appears funds for instructional materials could be deposited in the Adult Basic Education Fund and distributed formulaically.

It appears that instructional materials funding currently flows to ABE centers efficiently and could continue to do so.

ADMINISTRATIVE IMPLICATIONS

The Instructional Material Bureau must update its materials to remove ABE centers; rule must be rewritten to reflect this change; the Instructional Material distribution formula must be revised.

NMAC 6.75 and Supplement 9 must be revised to reflect the change; accountability procedures must be established and communicated to all private schools and all depositories.

TECHNICAL ISSUES

While SB-575 gives HED the responsibility for distributing funding for ABE instructional materials, it transfers no portion of the Instructional Material Fund to the oversight of HED. With these changes, the department will need to include annual appropriation requests for ABE as part of the HED budget process.

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