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## FISCAL IMPACT REPORT

ORIGINAL DATE 10/22/09

SPONSOR Asbill LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE School District Cash Balance Transfers SB 25

ANALYST Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None Noted		District SB-9 Cash Balances

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB24

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Bill 25 authorizes school districts to make temporary cash transfers into operational accounts from unexpended SB-9 revenue generated from its local mill levy to be used for operational purposes other than salary expenses of school district employees.

At the time of each transfer, districts will be required to submit to PED a repayment schedule for repaying the amount transferred that does not extend beyond FY16.

SB-25 declares an emergency.

### FISCAL IMPLICATIONS

For FY10 school districts are projected to generate \$108.8 million in local revenues with a state match of \$18.4 million. In addition, districts carried over \$107.1 million from previous year balances.

Allowing school districts to transfer funds out of their SB-9 revenues will result in a reduction of funds available for maintenance of buildings and grounds. The extent this occurs will depend on how much money districts choose to transfer.

## **SIGNIFICANT ISSUES**

At present, 86 of the 89 school districts have imposed a local two mill levy as authorized by the Public School Capital Improvements Act, commonly known as SB-9. The Espanola and Reserve school districts have not been able to pass the levy and Los Alamos has chosen not to participate.

Districts will be required to establish a payback schedule at the time a transfer is made. It is critical that these repayment schedules are adhered to since the original source of these funds is a mill levy approved for certain purposes by the district voters. Repaid funds need to be used to meet these purposes as quickly as possible.

The Public School Capital Outlay Council has made great strides in addressing the building needs of school districts, including the implementation of maintenance software systems and oversight. Districts need to keep the long term maintenance needs of their districts in mind and make prudent decisions regarding how much money they need to transfer.

## **PERFORMANCE IMPLICATIONS**

PED will need to oversee the process to ensure that districts are prudent in the use of these funds and that repayment schedules are adhered to.

## **TECHNICAL ISSUES**

The bill lacks a clawback provision to enforce repayment schedules if districts choose not to transfer funds according to their repayment schedule. This could be implemented by requiring PED to redirect an amount of a district's annual distribution from the state equalization guarantee into its SB-9 fund to meet the submitted repayment schedule.

PA/svb

SB-9				
DISTRICTS	PROJECTED LOCAL TAX	*STATE MATCH OR \$5.80 MINIMUM	TOTAL SB-9	2009-2010 BUDGETED CARRYOVER
ALAMOGORDO	\$ 1,211,046	\$ 408,500	\$ 1,619,546	\$ 599,296
ALBUQUERQUE	\$ 29,184,874	\$ 2,065,389	\$ 31,250,263	\$ 52,778,121
ANIMAS	\$ 59,857	\$ 49,493	\$ 109,350	\$ 20,259
ARTESIA	\$ 3,239,084	\$ 78,846	\$ 3,317,930	\$ 454,583
AZTEC	\$ 2,818,868	\$ 67,555	\$ 2,886,423	\$ 125,267
BELEN	\$ 1,024,358	\$ 258,918	\$ 1,283,276	\$ 547,556
BERNALILLO	\$ 1,189,243	\$ 81,541	\$ 1,270,784	\$ 450,000
BLOOMFIELD	\$ 2,361,888	\$ 67,348	\$ 2,429,236	\$ 1,199,294
CAPITAN	\$ 676,585	\$ 12,625	\$ 689,210	\$ 1,168,918
CARLSBAD	\$ 3,415,268	\$ 146,086	\$ 3,561,354	\$ 1,440,717
CARRIZOZO	\$ 89,499	\$ 6,556	\$ 96,055	\$ 19,632
CENTRAL	\$ 1,386,146	\$ 499,261	\$ 1,885,407	\$ 1,805,511
CHAMA	\$ 254,627	\$ 14,010	\$ 268,637	\$ 59,171
CIMARRON	\$ 968,789	\$ 15,465	\$ 984,254	\$ 1,215,465
CLAYTON	\$ 263,643	\$ 16,532	\$ 280,175	\$ 701,799
CLOUDCROFT	\$ 288,744	\$ 12,445	\$ 301,189	\$ 211,665
CLOVIS	\$ 1,112,889	\$ 957,180	\$ 2,070,069	\$ 371,529
COBRE	\$ 422,605	\$ 115,658	\$ 538,263	\$ 206,874
CORONA	\$ 77,836	\$ 2,886	\$ 80,722	\$ 119,085
CUBA	\$ 111,145	\$ 146,119	\$ 257,264	\$ 199,957
DEMING	\$ 937,816	\$ 518,930	\$ 1,456,746	\$ 1,907,041
DES MOINES	\$ 47,608	\$ 2,915	\$ 50,523	\$ -
DEXTER	\$ 136,566	\$ 185,134	\$ 321,700	\$ 87,521
DORA	\$ 68,128	\$ 34,810	\$ 102,938	\$ 114,631
DULCE	\$ 2,370,414	\$ 17,216	\$ 2,387,630	\$ 868,394
ELIDA	\$ 48,574	\$ 3,625	\$ 52,199	\$ -
ESPANOLA	\$ 1,035,309	\$ 262,082	\$ 1,297,391	\$ 10,000
ESTANCIA	\$ 197,347	\$ 120,662	\$ 318,009	\$ 264,128
EUNICE	\$ 1,708,490	\$ 13,625	\$ 1,722,115	\$ 2,601,374
FARMINGTON	\$ 3,044,241	\$ 205,068	\$ 3,249,309	\$ 4,144,187
FLOYD	\$ 32,693	\$ 63,179	\$ 95,872	\$ 86,035
FT. SUMNER	\$ 101,229	\$ 33,512	\$ 134,741	\$ 101,938
GADSDEN	\$ 1,396,629	\$ 2,397,456	\$ 3,794,085	\$ 468,539
GALLUP	\$ 1,470,096	\$ 1,846,129	\$ 3,316,225	
GRADY	\$ 15,390	\$ 38,231	\$ 53,621	\$ 129
GRANTS	\$ 530,819	\$ 502,597	\$ 1,033,416	\$ 603,615
HAGERMAN	\$ 62,481	\$ 90,255	\$ 152,736	\$ 139,387
HATCH	\$ 128,369	\$ 261,472	\$ 389,841	\$ 185,148
HOBBS	\$ 3,064,958	\$ 158,091	\$ 3,223,049	\$ 638,171
HONDO	\$ 57,379	\$ 7,404	\$ 64,783	\$ 54,775
HOUSE	\$ 19,436	\$ 23,860	\$ 43,296	\$ 102,959
JAL	\$ 582,673	\$ 10,880	\$ 593,553	\$ 650,555
JEMEZ MTN.	\$ 923,375	\$ 11,683	\$ 935,058	\$ -
JEMEZ VALLEY	\$ 155,867	\$ 48,886	\$ 204,753	\$ 69,427
LAKE ARTHUR	\$ 94,310	\$ 5,164	\$ 99,474	\$ -
LAS CRUCES	\$ 5,805,457	\$ 747,795	\$ 6,553,252	\$ 14,241,568
LAS VEGAS CITY	\$ 465,338	\$ 175,283	\$ 640,621	\$ 127,909
LAS VEGAS WES	\$ 307,792	\$ 269,459	\$ 577,251	\$ 154,802
LOGAN	\$ 112,663	\$ 7,205	\$ 119,868	\$ 187,459
LORDBURG	\$ 210,748	\$ 41,403	\$ 252,151	\$ 234,830
LOS ALAMOS	\$ 1,413,654	\$ 78,603	\$ 1,492,257	\$ 317

SB-9				
DISTRICTS	PROJECTED LOCAL TAX	*STATE MATCH OR \$5.80 MINIMUM	TOTAL SB-9	2009-2010 BUDGETED CARRYOVER
LOS LUNAS	\$ 1,398,477	\$ 945,515	\$ 2,343,992	
LOVING	\$ 400,445	\$ 16,622	\$ 417,067	
LOVINGTON	\$ 1,855,357	\$ 72,387	\$ 1,927,744	\$ 4,302,588
MAGDALENA	\$ 80,330	\$ 103,424	\$ 183,754	\$ 34,000
MAXWELL	\$ 22,182	\$ 20,823	\$ 43,005	\$ 33,445
MELROSE	\$ 44,158	\$ 45,379	\$ 89,537	\$ 184,942
MESA VISTA	\$ 126,301	\$ 22,678	\$ 148,979	\$ 162,014
MORA	\$ 157,851	\$ 41,871	\$ 199,722	\$ 142,754
MORIARTY	\$ 925,885	\$ 71,325	\$ 997,210	\$ 443,716
MOSQUERO	\$ 139,615	\$ 1,696	\$ 141,311	
MOUNTAINAIR	\$ 106,543	\$ 28,842	\$ 135,385	\$ 98,211
PECOS	\$ 214,857	\$ 36,373	\$ 251,230	\$ 389,786
PENASCO	\$ 87,575	\$ 96,020	\$ 183,595	\$ 417,355
POJOAQUE	\$ 337,464	\$ 243,390	\$ 580,854	\$ 8,697
PORTALES	\$ 398,638	\$ 387,255	\$ 785,893	\$ 1,100,000
QUEMADO	\$ 169,321	\$ 6,070	\$ 175,391	\$ 186,634
QUESTA	\$ 384,936	\$ 16,744	\$ 401,680	\$ 409,534
RATON	\$ 269,167	\$ 139,722	\$ 408,889	\$ 372,952
RESERVE	\$ 83,324	\$ 6,628	\$ 89,952	
RIO RANCHO	\$ 4,523,343	\$ 318,040	\$ 4,841,383	\$ 1,252,564
ROSWELL	\$ 1,850,275	\$ 784,776	\$ 2,635,051	\$ 1,059,883
ROY	\$ 14,654	\$ 14,202	\$ 28,856	\$ 75,450
RUIDOSO	\$ 1,156,218	\$ 53,814	\$ 1,210,032	\$ 672,371
SAN JON	\$ 21,898	\$ 43,907	\$ 65,805	\$ 45,261
SANTA FE	\$ 12,276,607	\$ 281,648	\$ 12,558,255	\$ 1,620,070
SANTA ROSA	\$ 167,319	\$ 73,273	\$ 240,592	\$ 60,885
SILVER CITY	\$ 987,101	\$ 75,059	\$ 1,062,160	\$ 72,150
SOCORRO	\$ 311,826	\$ 229,441	\$ 541,267	\$ 86,626
SPRINGER	\$ 58,446	\$ 28,702	\$ 87,148	\$ -
TAOS	\$ 2,036,257	\$ 68,504	\$ 2,104,761	\$ 671,403
TATUM	\$ 369,596	\$ 9,325	\$ 378,921	\$ 230,000
TEXICO	\$ 127,745	\$ 56,053	\$ 183,798	\$ 63,064
T OR C	\$ 531,192	\$ 33,652	\$ 564,844	\$ 447,966
TUCUMCARI	\$ 162,317	\$ 174,678	\$ 336,995	\$ 361,285
TULAROSA	\$ 150,395	\$ 151,572	\$ 301,967	\$ 234,242
VAUGHN	\$ 88,611	\$ 4,014	\$ 92,625	\$ 85,136
WAGON MOUND	\$ 46,572	\$ 21,525	\$ 68,097	\$ 5,150
ZUNI	\$ 5,016	\$ 432,410	\$ 437,426	\$ 3,217
<b>TOTAL/AVERAGE</b>	<b>\$ 108,790,657</b>	<b>\$ 18,362,386</b>	<b>\$ 127,153,043</b>	<b>\$ 107,072,889</b>