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FISCAL IMPACT REPORT

ORIGINAL DATE 02/18/13
 SPONSOR Brandt LAST UPDATED 02/25/13 HB _____

SHORT TITLE Home & Charter School Program Student Units SB 302/aSEC/aSFC

ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee Amendment to Senate Bill 302 as amended by the Senate Education Committee makes the bill applicable to the 2014-2015 school year and subsequent years. The amendment addresses concerns raised by PED that changes proposed in the original bill would require a year to implement and should be required no earlier than the 2014-2015 school year.

Synopsis of SEC Amendment

The Senate Education Committee (SEC) amendment to Senate Bill 302 removes reference to charter school students, limiting generation of the new program unit to only home schooled students who are enrolled in one or more classes in the school district. Additionally, it clarifies that the number of program units will be determined by multiplying the number of home schooled students who are enrolled in one or more classes by the cost differential factor of 0.25 **per class per student up to the enrollment required for the student to meet the definition of qualified student.**

Synopsis of Original Bill

Senate Bill 302 enacts a new section of the Public School Finance Act, creating the home schooled or charter school student program unit, allowing traditional public schools to claim program units for home school and charter school students that are enrolled in one or more classes in the school district. The number of home schooled or charter school student program units will be determined by multiplying the number of home schooled or charter school students who are enrolled in one or more classes by the cost differential factor of 0.25.

FISCAL IMPLICATIONS

An increase in program units generated by school districts or charter schools that is not accompanied by an increased appropriation has the effect of diluting the unit value, impacting school districts and charter schools statewide.

The Public Education Department (PED) indicates a home schooled or charter school student is eligible to enroll in a public school in the attendance zone in which the student resides or in another public school outside the attendance zone as provided in Section 22-1-4 NMSA 1978. The school district must verify each home schooled or charter school student's academic and other eligibility to enroll in the class. However, if the student is not a "qualified student" ("qualified student" means a public school student who is regularly enrolled in one-half or more of the minimum course requirements approved by the Department for public school students) the school district is currently not able to claim funding for that student. The original bill allows school districts to claim units for students that do not meet the qualified student definition, and in the instance of charter school students, for students that are already funded through the funding formula, effectively double funding these students.

The SEC amendment strikes reference to charter school students, only allowing home schooled students that do not meet the definition of qualified student to generate the new program unit. The amendment also expands the number of units that a school district can claim for home schooled students to 0.25 units per class the home schooled student is enrolled in, from 0.25 per student.

The PED collects data regarding the number of home schooled students but, the Department indicates it is unclear how many students would participate and to what extent. The Department's analysis indicates the double funding of charter school students had the potential of dis-equalizing the funding formula.

SIGNIFICANT ISSUES

According to the PED

Changes to the public school funding formula will require at least a year to modify databases, collect the required data and calculate the new program cost for each school district and charter school.

Calculations for the 2013-2014 budget will begin in March of 2013 (the prior fiscal year) so that school districts have a preliminary revenue estimate in which to build their budget before the start of the new fiscal year.

In addition, the new changes to the formula will have to be evaluated to determine what impact they will have on total statewide units. The calculation of the initial unit value for the new fiscal year is normally done in March of the preceding fiscal year. Not having a year to develop the systems to calculate and evaluate these components could have a potentially negative impact on the calculation of the unit value and on each school district's and charter school's funding formula allocation.

Additionally, the PED recommends that the effective date of this bill be amended to July 1, 2014 to allow for a year to develop the new data fields, collect the data and write new reports in STARS.

ADMINISTRATIVE IMPLICATIONS

The PED will need to develop new data fields and reports in STARS to collect the new data and calculate the additional program units for each school district.

ALTERNATIVES

Charter school students electing to take classes at traditional schools will be double funded under the funding formula. This is an important issue that needs to be addressed. Charter school students could be removed from this bill to eliminate the double funding and dis-equalization issues. This was addressed by the Senate Education Committee Amendment.

RSG/svb:blm