

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)).

## FISCAL IMPACT REPORT

SPONSOR Stapleton/Lundstrom/  
G.A,Romero/Dow ORIGINAL DATE 3/7/21  
LAST UPDATED HJM 5

SHORT TITLE Study Effects of Funding Formula Changes SB \_\_\_\_\_

ANALYST Liu

### **ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### **SOURCES OF INFORMATION**

LFC Files

Legislative Education Study Committee (LESC) Files

### **SUMMARY**

#### Synopsis of Bill

House Joint Memorial 5 requests LESC and LFC to study all of the current issues affecting the funding formula and appoint members to a joint subcommittee to undertake the study. The memorial requests public education stakeholders to provide assistance to the subcommittee and the subcommittee to report findings and recommendations to LESC and LFC by November 30, 2021, and the Legislature by December 15, 2021.

### **FISCAL IMPLICATIONS**

The memorial does not contain an appropriation. Costs of studying the funding formula will be incurred by LESC and LFC; however, both agencies already conduct annual studies of the funding formula in conjunction with education stakeholder groups. In recent years, LESC and LFC have also formed joint subcommittees on education issues. As such, this bill is likely to carry no additional fiscal impacts.

### **SIGNIFICANT ISSUES**

Disregarding the Covid-19 public health emergency, plaintiffs in the consolidated education sufficiency cases of *Martinez v. New Mexico* and *Yazzie v. New Mexico* continue to argue the state has a constitutional obligation to provide a uniform and sufficient education for all students. The landmark *Martinez-Yazzie* ruling ordered the state to provide schools with the resources (such as instructional materials, properly trained staff, curricular offerings, and extended learning

time) necessary to give at-risk students the opportunity to be college and career ready. Additionally, the order required the state to establish an accountability system that could measure the efficacy of programs and assure that local districts were spending funds in a way that efficiently and effectively met the needs of at-risk students.

In 2008, the Legislature commissioned the American Institutes for Research (AIR) to conduct a study that would determine the cost of a sufficient education for all public schools in New Mexico. Findings suggested at the time state support for public schools should increase by \$335.8 million in 2006-2007 dollars. The AIR study included a public engagement process to define the conceptual framework for sufficiency and resulted in a new school funding formula and total estimated cost of sufficiency. The findings recommended increased funding for at-risk students and extending the school year. However, in the *Martinez-Yazzie* lawsuit, the court rejected the AIR study, noting the recommendations were politically motivated rather than scientifically based.

### **OTHER SUBSTANTIVE ISSUES**

Beginning in 2021, current law (Section 22-8-49 NMSA 1978) requires the Public Education Department, LESC, and LFC staff to jointly prepare and submit a report on November 1 each year to the governor, LESC, and LFC that analyzes how the teacher cost index is impacting costs of teaching staff, licensure levels, educational attainment, years of experience, and salaries.

SL/rl