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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/16  
 SPONSOR SPAC LAST UPDATED 2/16/16 HB \_\_\_\_\_  
 SHORT TITLE PPHSW - School Funding Flexibility & Waivers SB 306/SPACS  
 ANALYST Elkins

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

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received From

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Public Affairs Committee Substitute for Senate Bill 306 amends the Public School Code to provide school districts with financial flexibility for the 2016-2017 through the 2018-2019 school years. The secretary of public education can waive requirements pertaining to individual class load, teaching load, length of school day, staffing patterns, subject areas, and purchases of instructional materials. The substitute requires PED to monitor class size and teaching load maximum waivers issued for the purpose of allowing financial flexibility to school districts and charter schools and report to the Legislative Education Study Committee and the LFC on any issues or actions of a school district that appear to adversely affect student learning.

The bill also repeals Section 22-10A-20.1 which provides for a three year phase in of class loads and teaching loads.

### FISCAL IMPLICATIONS

The SPAC substitute for SB 306 allows the secretary of public education to waive certain requirements, such as class load and teaching load, to provide school districts with financial flexibility.

Many of these items, particularly the reduction in class loads, staffing patterns, and purchases of instructional materials could have a significant positive impact on district operating costs if implemented. The extent of the fiscal impact will vary depending on the degree to which districts implement changes. A potential budgetary savings for schools districts would be for those experiencing enrollment growth. These districts would be able to maintain current staffing levels when they would otherwise have to hire additional teachers.

### **SIGNIFICANT ISSUES**

Identical provisions to those proposed in the bill were in effect during the 2009-2010 through 2013-2014 school years.

The enactment of the bill will extend the responsibility of the secretary of PED for authorizing waiver requirements of the Public School Code pertaining to class size, teaching load, length of school day, staffing patterns, subjects, and instructional material purchases, for two additional school years after the 2012-2013 school year. PED may see an increase in waiver requests as the economic recovery slows. This responsibility can be accomplished within existing resources.

According to PED, the bill notes that “The legislature finds that funding constraints require school districts to have financial flexibility to meet decreased state educational requirements support” The General Appropriations Act of 2016 contains funding to increase support to school districts, making it unclear what decreased educational support is being referenced. This bill is not necessary, as it reasserts authority the Secretary already has under the broad powers of the office.

### **OTHER SUBSTANTIVE ISSUES**

Currently, a school district or charter school may request a waiver under two separate sections of law as follows:

Section 22-10A-20 allows the secretary to waive the individual school class load requirements for up to two years if a school demonstrates that no portable classrooms are available, no other available sources of funding exist to meet its need for additional classrooms, the school district is planning on alternatives to increase building capacity for implementation within one year, and the parents of all children affected have been notified in writing. If a waiver is granted pursuant to Section 22-10A-20 to an individual school, the average class load for elementary school teachers at that school shall not exceed twenty students in grade one and shall not exceed twenty-five students when averaged among grades two, three, four, five and six.

Section 22-2-2.1 NMSA 1978 requires the secretary to grant all reasonable requests to waive the individual class load requirements pursuant to Section 22-10A-20 NMSA 1978, for all schools that exceed educational standards. Waivers pursuant to this section begin in the school year following that in which a public school exceeds the educational standards and may remain in effect as long as the school continues to exceed educational standards. Statute does not define “educational standards”, nor has the Department promulgated regulations defining educational standards.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If the bill is not enacted, school districts will still be able to receive class size and teaching load waivers, but for fewer students than what is allowed by the financial flexibility waiver provisions of this bill. School districts would likely be required to hire additional teachers, placing increased strain on district budgets.

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