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FISCAL IMPACT REPORT

SPONSOR Soules ORIGINAL DATE 1/25/19
 LAST UPDATED _____ HB _____

SHORT TITLE School Program Unit Calculations SB 253

ANALYST Lobaugh

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	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 not Received From
 Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 253 (SB253) amends the Public School Finance Act to adjust the method of calculating a school district's or charter school's funding formula program units when a school district or charter school has a year-over-year decrease in student population of at least 25 percent or more from the first reporting date (i.e. 40th day) of the previous school year to the first reporting date of current school year.

The state equalization guarantee distribution, commonly referred to as the public education funding formula, calculates a school district's or charter school's funding formula program units based primarily on student enrollment data from the previous school year. Senate Bill 253 would amend the Public School Finance Act so that a school district's or charter school's funding formula program units would be based on student enrollment data from the current school year if the school district or charter school experienced a year-over-year decrease in student population of 25 percent or more from the prior school year to the current school year.

FISCAL IMPLICATIONS

SB253 does not contain an appropriation and would not affect the total amount of funding appropriated for school district and charter school operations statewide. However, SB253 would adjust how the total funding is allocated to school districts and charter schools through the state equalization guarantee funding formula.

For example, if SB253 were in effect for school year 2018-2019 (SY19), the FY19 funding formula program units for 10 charter schools would be based on student enrollment data from the current school year instead of prior school year. Table 1 shows the 10 charter schools that had a decrease in student enrollment of at least 25 percent from the first reporting date of SY18 to the first reporting date of SY19. Table 1 also shows that the 10 charter schools would experience a \$7.7 million reduction in their program cost funding for FY19 if SB253 were in effect in FY19. The program cost funding changes listed in Table 1 are based on preliminary FY19 funding formula data from the Public Education Department (PED).

Table 1. SB253 affect on FY19 Preliminary Public Education Funding Formula Amounts

Charter School	SY18 40th Day Student Count	SY19 40th Day Student Count	Student Enrollment Change	Percent Student Enrollment Change	FY19 Program Cost Funding Change from SB253
ACE Leadership	362	247	-115	-32%	-\$484,060
Lindrith Area Heritage	24	18	-6	-25%	-\$34,929
Rio Gallinas Charter School	95	67	-28	-30%	-\$133,407
Albuquerque Collegiate	90	38	-52	-58%	-\$335,679
Altura Preparatory School	110	61	-49	-45%	-\$288,942
Hozho	225	123	-102	-45%	-\$624,641
La Academia Dolores Huerta	171	127	-44	-26%	-\$211,763
New America School	299	208	-91	-30%	-\$270,392
New Mexico Connections Academy	1,717	1,033	-684	-40%	-\$4,878,860
Taos International	207	134	-73	-35%	-\$414,064
Total	3,300	2,056	-1,244	-38%	-\$7,676,737

Source: LFC analysis of preliminary PED FY19 funding formula data.

The exact fiscal impact of SB253 in FY20 and subsequent fiscal years would depend on:

- the annual year-over-year enrollment changes of school districts and charter schools, and
- the total amount of funding appropriated for school district and charter school operations.

SIGNIFICANT ISSUES

The state equalization guarantee funding formula allocates additional program units to school districts and charter schools experiencing a year-over-year increase in student enrollment of at least one percent.

ADMINISTRATIVE IMPLICATIONS

PED would need to adjust the department’s administration and calculation of the state equalization guarantee funding formula in accordance with the requirements of SB253.

TECHNICAL ISSUES

Legislation that does not have an appropriation, an effective date, or an emergency clause shall go into effect ninety days after the adjournment of the legislature enacting them (N.M. Constitution Article IV, Section 23). SB253 does not have an appropriation, an effective date, or an emergency clause and, if enacted, would go into effect on June 14, 2019, which is before the start of FY20 on July 1, 2019. Consequently, SB253 might apply to the FY19 state equalization guarantee funding formula calculation.

CSL/al