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FISCAL IMPACT REPORT

SPONSOR: Swisstack DATE TYPED: 03/06/03 HB 169/aHAFC
 SHORT TITLE: Enrollment Growth Program Units SB _____
 ANALYST: L. Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Identical to SB 231, Relates to SB 17

SOURCES OF INFORMATION

Responses Received From

State Department of Education (SDE)

SUMMARY

Synopsis of HAFC Amendments

The Amendments adopted by the House Appropriation and Finance Committee strike the appropriation and modify the formula to use a factor of 1.5 instead of Adjusted Average Units Per MEM. The formula for determining enrollment growth units will now read as follows:

$$((\text{Current Year MEM} - \text{Previous Year MEM}) - (\text{Current Year MEM} \times .01)) \times 1.5 + \text{Units}$$

Synopsis of Original Bill

House Bill 169 amends the Public School Finance Act to change the calculation for determining enrollment growth units based on adjusted average units per MEM plus an additional .50 unit for a school district experiencing an increase in MEM of 1.0 percent or greater from the 40th day of the preceding year; and appropriates \$6,300.0 to the State Department of Education to fund the increase in enrollment growth units.

This bill was submitted on behalf of the Legislative Education Study Committee (LESC).

Significant Issues

Since the shift to prior year funding of school districts during the 1999-2000 school year, this

proposed change is the third modification to the method for distributing state support to school districts for enrollment growth. This change provides a stable and more comprehensive approach to recognizing membership growth and returns “consistency” to funding enrollment growth. The LESC and the State Board of Education support this approach.

Utilizing this method, those districts with increasing enrollments as defined in statute receive the funding need to provide the instructional needs of the additional students. Based on a table provided by the SDE, 49 school districts will not be affected by the change, 34 will receive increases in funding, and 17 will generate fewer units and funding. (See attached tables prepared by SDE.)

The enrollment growth calculation for this method is described by SDE as follows:

“The bill would change the calculation of growth units based on the difference between the current year 40 day MEM and the prior year 40 day MEM. For districts experiencing a growth rate of one percent or greater, additional growth units would be calculated by multiplying the difference in MEM greater than one percent by the current year statewide average number of adjusted program units per student. Additionally, districts experiencing a growth rate of one percent or greater would also be entitled to marginal growth units calculated by multiplying all new students by a factor of 0.50.”

FISCAL IMPLICATIONS

The appropriation of \$6,300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

Based on 2002-2003 40th day membership and units adjusted for the implementation of full-day kindergarten and on the 2002-2003 initial unit value of \$2,896.01, the estimated additional funding needed for FY 2004 is \$6,300.0

DUPLICATION, RELATIONSHIP

HB 169 is identical to SB 231, Enrollment Growth Program Units Calculation;

Is similar to SB 17, Enrollment Growth Program Units, a different approach to funding enrollment growth which uses two calculations for computing enrollment growth:

- 1) the total number of new students in a growing district is multiplied by the statewide average number of units per MEM on the current year 40th day report;
- 2) in a district with a growth rate greater than one percent, the difference in MEM greater than one percent is multiplied by a .5 marginal growth factor.

The calculations in HB 169, SB 231 and SB 17 are adjusted to exclude full-day kindergarten membership for the first year that full-day kindergarten is implemented in a school as required in the bills.

TECHNICAL ISSUES

The bill contains a reversion clause. Historically, however, funds flowing through the New Mexico Public School Funding Formula have not reverted.

OTHER SUBSTANTIVE ISSUES

In the bill, MEM is defined as the 40th day school district membership, including early childhood full-time equivalent membership and special education membership, but excluding full-day kindergarten membership for the first full year that full-day kindergarten is implemented.

LRB/prr

HOUSE BILL 169

2002-03 BUDGETED GROWTH FUNDING COMPARED TO FUNDING THAT WOULD HAVE BEEN GENERATED BY THE PROPOSED FORMULA APPLIED TO GROWING DISTRICTS AND USING THE 2002-2003 INITIAL UNIT VALUE

DISTRICT	2002-03 BUDGETED GROWTH		PROPOSED GROWTH FORMULA*				DIFFERENCE	
	A	B	C	D	E= C + D	F	G = E - A	H = F - B
	GROWTH UNITS	GROWTH FUNDING	ADDITIONAL UNITS FOR DISTRICTS >1% NEW STUDENTS ABOVE 1% USING STATEWIDE AVG.	ADDITIONAL UNITS FOR DISTRICTS >1% ALL NEW STUDENTS USING	TOTAL GROWTH UNITS	GROWTH FUNDING	UNITS	FUNDING
		\$2,896.01	1.887	0.5		\$2,896.01		
ALAMOGORDO	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
ALBUQUERQUE W/CHARTERS	877.000	\$2,539,801	0.000	0.000	0.000	\$0	(877.000)	(\$2,539,801)
ANIMAS	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
ARTESIA	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
AZTEC	48.420	\$140,225	0.000	0.000	0.000	\$0	(48.420)	(\$140,225)
BELEN	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
BERNALILLO	31.497	\$91,216	0.000	0.000	0.000	\$0	(31.497)	(\$91,216)
BLOOMFIELD	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CAPITAN	0.000	\$0	39.221	13.250	52.471	\$151,957	52.471	\$151,957
CARLSBAD W/CHARTERS	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CARRIZOZO	0.000	\$0	3.359	2.000	5.359	\$15,519	5.359	\$15,519
CENTRAL CONS.	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CHAMA VALLEY	9.490	\$27,483	0.000	0.000	0.000	\$0	(9.490)	(\$27,483)
CIMARRON W/CHARTERS	0.000	\$0	3.868	3.750	7.618	\$22,063	7.618	\$22,063
CLAYTON W/CHARTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CLOUDCROFT	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CLOVIS	0.000	\$0	11.681	43.250	54.931	\$159,079	54.931	\$159,079
COBRE CONS.	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
CORONA	0.000	\$0	6.020	2.000	8.020	\$23,225	8.020	\$23,225
CUBA	19.503	\$56,481	45.911	16.250	62.161	\$180,018	42.658	\$123,537
DEMING	36.330	\$105,212	76.074	47.000	123.074	\$356,425	86.744	\$251,213
DES MOINES	0.000	\$0	6.708	2.500	9.208	\$26,667	9.208	\$26,667
DEXTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
DORA	0.000	\$0	11.605	4.250	15.855	\$45,916	15.855	\$45,916
DULCE	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
ELIDA	1.248	\$3,614	0.000	0.000	0.000	\$0	(1.248)	(\$3,614)
ESPAÑOLA	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
ESTANCIA	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
EUNICE	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
FARMINGTON	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
FLOYD	4.577	\$13,255	0.000	0.000	0.000	\$0	(4.577)	(\$13,255)
FT. SUMNER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
GADSDEN	138.333	\$400,614	828.855	287.250	1,116.105	\$3,232,252	977.772	\$2,831,638
GALLUP W/CHARTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
GRADY	0.580	\$1,680	22.361	6.500	28.861	\$83,582	28.281	\$81,902
GRANTS	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0

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DISTRICT	2002-03 BUDGETED GROWTH		PROPOSED GROWTH FORMULA*				DIFFERENCE	
	A	B	C	D	E = C + D	F	G = E - A	H = F - B
	GROWTH UNITS	GROWTH FUNDING	ADDITIONAL UNITS FOR DISTRICTS >1% NEW STUDENTS ABOVE 1% USING STATEWIDE AVG.	ADDITIONAL UNITS FOR DISTRICTS >1% ALL NEW STUDENTS USING	TOTAL GROWTH UNITS	GROWTH FUNDING	UNITS	FUNDING
		\$2,896.01	1.887	0.5		\$2,896.01		
HAGERMAN	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
HATCH	30.253	\$87,613	0.000	0.000	0.000	\$0	(30.253)	(\$87,613)
HOBBS	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
HONDO	3.918	\$11,347	0.396	0.750	1.146	\$3,320	(2.772)	(\$8,027)
HOUSE	0.000	\$0	33.513	9.750	43.263	\$125,290	43.263	\$125,290
JAL	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
JEMEZ MOUNTAIN	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
JEMEZ VALLEY W/CHARTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LAKE ARTHUR	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LAS CRUCES	0.000	\$0	466.061	235.250	701.311	\$2,031,003	701.311	\$2,031,003
LAS VEGAS CITY W/CHARTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LAS VEGAS WEST	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LOGAN	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LORDSBURG	4.170	\$12,076	0.000	0.000	0.000	\$0	(4.170)	(\$12,076)
LOS ALAMOS	0.000	\$0	101.285	44.500	145.785	\$422,194	145.785	\$422,194
LOS LUNAS	91.410	\$264,724	0.000	0.000	0.000	\$0	(91.410)	(\$264,724)
LOVING	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
LOVINGTON	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
MAGDALENA	13.173	\$38,149	13.171	5.250	18.421	\$53,348	5.248	\$15,199
MAXWELL	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
MELROSE	8.165	\$23,646	0.000	0.000	0.000	\$0	(8.165)	(\$23,646)
MESA VISTA	26.488	\$76,710	23.842	9.000	32.842	\$95,111	6.354	\$18,402
MORA	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
MORIARTY	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
MOSQUERO	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
MOUNTAINAIR	0.000	\$0	3.444	2.750	6.194	\$17,937	6.194	\$17,937
PECOS	11.425	\$33,087	65.960	21.750	87.710	\$254,009	76.285	\$220,922
PEÑASCO	0.000	\$0	9.633	5.750	15.383	\$44,550	15.383	\$44,550
POJOAQUE	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
PORTALES	45.492	\$131,745	0.000	0.000	0.000	\$0	(45.492)	(\$131,745)
QUEMADO	0.000	\$0	17.304	5.500	22.804	\$66,040	22.804	\$66,040
QUESTA W/CHARTERS	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
RATON	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
RESERVE	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0
RIO RANCHO	88.922	\$257,519	821.100	271.250	1,092.350	\$3,163,456	1,003.428	\$2,905,937
ROSWELL W/CHARTER	0.000	\$0	0.000	0.000	0.000	\$0	0.000	\$0

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	GROWTH UNITS	GROWTH FUNDING	ADDITIONAL UNITS FOR DISTRICTS >1% NEW STUDENTS ABOVE 1% USING STATEWIDE AVG.	ADDITIONAL UNITS FOR DISTRICTS >1% ALL NEW STUDENTS USING	TOTAL GROWTH UNITS	GROWTH FUNDING	UNITS	FUNDING	
		\$2,896.01	1.887				\$2,896.01		
ROY	0.000	\$0	6.387	0.5	2.250	8.637	\$25,014	8.637	\$25,014
RUIDOSO	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
SAN JON	0.000	\$0	13.822		4.500	18.322	\$53,061	18.322	\$53,061
SANTA FE W/CHARTERS	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
SANTA ROSA	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
SILVER CITY CONS.	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
SOCORRO W/CHARTERS	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
SPRINGER	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
TAOS W/CHARTER	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
TATUM	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
TEXICO	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
TRUTH OR CONSEQ.	0.000	\$0	35.494		17.750	53.244	\$154,197	53.244	\$154,197
TUCUMCARI	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
TULAROSA	9.915	\$28,714	0.000		0.000	0.000	\$0	(9.915)	(\$28,714)
VAUGHN	2.333	\$6,756	0.000		0.000	0.000	\$0	(2.333)	(\$6,756)
WAGON MOUND	0.000	\$0	0.000		0.000	0.000	\$0	0.000	\$0
ZUNI	41.915	\$121,386	0.000		0.000	0.000	\$0	(41.915)	(\$121,386)
STATEWIDE	1,544.557	\$4,473,053	2,667.076		1,064.000	3,731.076	\$10,805,234	2,186.519	\$6,332,182

*The proposed formula in HB 169 consists of two calculations. First, in a district with a growth rate greater than 1 percent, the difference in MEM greater than 1 percent is multiplied by the statewide average number of units per MEM on the current year 40th day report. Second, the total number of new students in a district with a growth rate greater than 1 percent is multiplied by a .5 marginal growth factor. The calculations are adjusted to exclude full-day kindergarten membership for the first year that full-day kindergarten is implemented in a school.