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## FISCAL IMPACT REPORT

SPONSOR Miera DATE TYPED 3-11-05 HB 62/aHEC/aHAFC

SHORT TITLE Elementary School Physical Education SB \_\_\_\_\_

ANALYST Segura

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Fiscal Implications	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

### SUMMARY

Synopsis of HAFC Amendment

House Appropriation and Finance Committee amendment to House Bill 62 removes the appropriation and inserts a definition for “elementary physical education.”

Synopsis of HEC Amendment

House Education Committee amended House Bill 62 as follows:

- Clarifies the definition of Physical Education.
- Cleans-up duplicative language.
- Clarifies the role of the PED in monitoring Physical Education programs.
- Includes a requirement in the school plan to provide the number of minutes physical education will be offered during the week.
- Removes physical education as part of the assessment for AYP.

Synopsis of Original Bill

House Bill 62 appropriates \$4,000.0 for physical education in grades K-6 and for developmentally delayed three and four year old students. Requires that the program be phased in over a seven year period and establishes that the number of elementary physical education program units within the funding formula be determined by a cost differential factor of 0.0589. The legislation includes a definition for “physical education”.

Significant Issues

The bill requires that the program begin with those schools that have the highest proportion of students most in need based upon the at-risk index and space availability. It further requires eligible public schools to submit an elementary physical education program plan to the PED and establish minimum criteria for that plan and report annually to the Legislative Education Study Committee.

According to PED, “physical education is defined by the PED as instruction that meets the New Mexico Physical Education Content Standards with Benchmarks, however, the definition in House Bill 62 does not support the definition.”

**PERFORMANCE IMPLICATIONS**

In addition, PED indicates that, physical education is not part of the required statewide testing for AYP, therefore the PED cannot determine if schools funded by the program are “meeting the academic content and performance standards necessary to ensure adequate yearly progress of students in the program. The federal legislation for the No Child Left Behind Act of 2001 does not require states to include physical education as part of the assessment for AYP.

**FISCAL IMPLICATIONS**

House Bill 62 appropriates \$4,000.0 from the general fund for FY06 for the first phase of a seven year phase-in of the program. The funding is recurring. The appropriation will fund approximately 22,130 students through the funding formula at the current unit value of \$3,068.70 and applying the cost differential factor included in the bill of 0.0589.

House Appropriations and Finance Committee removed the appropriation. The bill still requires that the program be phased in over seven years. The attached information reflects that currently half of the elementary schools already have Physical Education programs. Enactment of the bill would have significant recurring appropriation needs in the future, beginning in FY07.

Currently, Senate Bill 190 contains an appropriation of \$2.0 for FY06.

Education reform may require the expenditure of at least an additional \$26 million in FY07 as follows: \$16 million for raising minimum salaries of level 3-A teachers to \$45,000; \$4 million for pre-kindergarten; and \$6 million for fine arts. These will be in addition to expected increased costs for opening the doors (fixed costs, insurance, enrollment growth, and increased employer contributions to the educational retirement fund) which could be another \$35 million. In addition, \$4 million is needed for increased employer contributions to educational retirement fund from higher education institutions. It may be prudent to avoid additional commitments to recur-

ring appropriations in future fiscal years.

### **ADMINISTRATIVE IMPLICATIONS**

If House Bill 62 is enacted, the PED would administer the distribution of the funds through the State Equalization Guarantee.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

The initial recommendation by the Legislative Education Study Committee in HB3 included funding for this program. The current HAFC substitute does not provide funding for elementary physical education programs.

### **TECHNICAL ISSUES**

House Bill 62 does not specify whether or not the units for Physical Education are calculated before or after the Training and Experience factor within the funding formula.

The definition of elementary physical education in House Bill 62 only requires schools to meet one of the seven Content Standards for Physical Education by requiring students to “participate in activities”.

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