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FISCAL IMPACT REPORT

SPONSOR Stewart DATE TYPED 2/25/05 HB 854

SHORT TITLE School Size Adjustment Program Units SB _____

ANALYST Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$0.1 See Narrative		General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 854 amends the Public School Finance Act, Section 22-8-23, on Size Adjustment Program Units, to eliminate the restriction on allowing separate schools providing special programs, including but not limited to vocational and alternative education in the calculation of small sized schools. The schools must have a membership of less than 400 including early childhood education, but excluding membership in class C and D programs and full-time equivalent in 3 and 4 year-old developmentally disabled programs to be eligible for size adjustment program units. This will allow additional schools to earn program units from the public school funding formula.

Significant Issues

DFA assesses there are 29 small schools with vocational or alternative programs with 4,142 students that may now qualify for size adjustment program units. One complaint with the current funding formula is small school districts and schools do not generate sufficient program units to

fund requirements.

PED assesses this bill would generate approximately 2,969.451 additional units for the small schools with vocation or alternative programs. The cost to fund these units is estimated at \$9.1 million.

The LESC Small School District Work Group recommended a comprehensive study of the public school funding formula which is supported by the Executive, LESC and LFC.

PERFORMANCE IMPLICATIONS

Schools may under-perform because of lack of funding to provide required programs.

FISCAL IMPLICATIONS

Adding additional program units to the formula, without adding additional revenue, will reduce the unit value calculated from the state equalization guarantee. If this change had been in effect for the current school year, it would have reduced the current unit value by \$14.65.

ALTERNATIVES

Enact legislation requiring a public school funding formula study and defer action on this bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

POSSIBLE QUESTIONS

1. Can this change to the funding formula be held in abeyance until a formula study is completed and recommendations made to the 2006 Legislature?

GAC/yr:lg