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FISCAL IMPACT REPORT

SPONSOR Komadina DATE TYPED 2/28/05 HB _____

SHORT TITLE Funding For New School Openings SB 811

ANALYST Hanika-Ortiz

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$1,000.0			Recurring	General Fund

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$1,000.0		Recurring	New Schools Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 811 amends the Public School Finance Act, creates the New Schools Fund in the state treasury and appropriates \$1 million from the general fund to the New Schools Fund in FY05 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of a fiscal year will not revert to the general fund.

Significant Issues

This bill creates the new schools fund. The fund will consist of appropriations, income from investment of the fund, gifts, grants, donations and any other money credited to the fund.

The fund is to be administered by the PED to assist school districts in start-up costs for new schools that are not charter schools.

School districts may apply to the PED for money from the fund to pay for start-up costs, including employment of staff, furnishings and equipment, technology, instructional materials and library resources.

PERFORMANCE IMPLICATIONS

SB 811 will assist the PED to meet performance measures as recommended by the Legislative Finance Committee (LFC).

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SB 811 creates the “New Schools Fund” and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

The report from the LFC for FY05-06 recommended the PED concentrate on stabilizing current program areas; improving oversight activities for the 89 districts, including data assessment, reporting, and financial accountability; and closing the achievement gap. It was also recommended that this be accomplished with available resources and might require the redirection of resources and the prioritizing of programs. States and public school districts nationwide are increasingly focusing on effective administration in education to direct the maximum funding possible to the classroom.

The President’s FFY06 budget request shows an overall reduction of public school education funding by \$2.8 million. However, Title I funding is increased by 2.8% to help disadvantaged students overcome educational barriers to a total program of \$112.5 million. Special education is also increased 4.3% to a total of \$87.8 million for supplemental services for special education students and students with disabilities. These funds particularly have been increasing yearly from 2000 and have more than doubled. However, New Mexico is near the bottom on almost every compliance measure related to special education. This brings the federal commitment to 19% of per pupil expenditure.

ADMINISTRATIVE IMPLICATIONS

The PED must develop an application process and establish a rule for the process and can do so with existing staff and resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for the New Mexico PED in the General Appropriation Act.

TECHNICAL ISSUES

The PED recommends an emergency clause be added to the bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

Districts will not have additional resources for costs associated with new schools.

AHO/lg:yr