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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/06
 LAST UPDATED 2/1/06 HB 42/aHAFC

SPONSOR Stewart

SHORT TITLE Extend Funding Formula Task Force SB _____

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 42 removes appropriation language from the title and removes the appropriation.

Synopsis of Original Bill

House Bill 42 extends the life of the Funding Formula Study Task Force from December 15, 2006 to December 15, 2007. The bill also adds an additional member to the task force, this being a representative of a statewide teacher organization.

House Bill 42 appropriates \$1 million from the general fund to the Legislative Council Service to pay the expenses of the Funding Formula study task force and the cost of the comprehensive study of the public school funding formula.

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

SIGNIFICANT ISSUES

The Funding Formula Study Task Force was created by the 2005 Legislature and charged with conducting a study of the Public School Funding Formula and then making recommendations to the Legislature and to the Governor by December 15, 2006. Funding for the task force was vetoed in 2005, yet the taskforce continued to meet and take public comments regarding equalization issues. The Office of Educational Accountability (OEA) notes the study should be comprehensive and include possible recommendations for aligning the training and experience index to the three-tiered teacher licensure system; revising size factors associated with small schools and small school districts; and revising any other factor that might affect the equity and efficacy of the public school formula.

The Public School Funding Formula was enacted by the Legislature in 1974 and is used for distributing operational funds to New Mexico's 89 public school districts. The intent of the funding formula is to provide each New Mexico public school student equal access to appropriate programs and services regardless of where that student attends school. Although the formula is nationally recognized as a model of equitable funding, New Mexico's current education reform efforts have highlighted additional need for changes, particularly in how the three-tiered teacher licensure system is funded as well as small and rural schools. The last comprehensive study of the Formula was conducted in 1996. The LESC indicates that nine modifications were made to the Formula between 1999 and 2003.

OEA further notes the long-term fiscal implications of revising the Public School Funding Formula are harder to identify, but are crucial to consider. A comprehensive review of public school funding is likely to go beyond equity issues and examine the issue of adequacy. In January of 2005, an Education Week policy survey found that 30 states had conducted adequacy studies. Clearly, a comprehensive study of what it will cost to help all of New Mexico students achieve the academic standards set for them by federal and state law will have important fiscal implications for the state.

PA/nt