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FISCAL IMPACT REPORT

SPONSOR	<u>Gutierrez</u>	ORIGINAL DATE	2/03/2007		208/aHEC/aHAFC
		LAST UPDATED	3/15/2007	HB	<u>/aHFI</u>
SHORT TITLE	<u>School Physical Education Programs & Costs</u>			SB	
				ANALYST	<u>Baca/Aguilar</u>

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	** NFI	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

**** Appropriations contained in House Bill 2 are sufficient to implement the provisions of this bill with no additional funding.**

Relates to SB 232

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of HFI Amendment

House Floor Amendment #1 to House Bill 208 as amended strikes the House Education Committee amendment #1. This change implements a portion of the original language in the bill. The amendment provides for PED to first implement programs in schools that have the highest percentage of students eligible for free and reduced lunch.

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 208 as amended strikes the phase-in provisions of the bill and provides for the department to annually determine the programs and consequent number of students in elementary physical education that will receive state financial support in accordance with the funding available in each school year.

The amendment also strikes the appropriation. Sufficient funding is contained in House Bill 2 to

implement the provisions of this bill with no additional funding for FY08.

Synopsis of HEC Amendment

The House Education Committee amendment to House Bill 208 exempts elementary physical education programs previously approved in the 2006-2007 school year from meeting the approval criteria provided for in the bill.

The amendment makes non-substantive technical changes to language.

SIGNIFICANT ISSUES

HB208/aHEC requires PED to evaluate programs based on performance standards for elementary physical education. In 2006 PED adopted performance standards for physical education which require all schools to align curriculum to these performance standards and help ensure quality physical education is delivered.

Synopsis of Original Bill

House Bill 208 appropriates \$8,000,000 from the general fund to the state equalization guarantee distribution for expenditure in FY08 and amends the Public School Finance Act to allow formula funding for elementary physical education in grades K-6. The bill adds physical education program units and charter school student activities program units into the program cost calculation and provides for a four year phase-in period for elementary physical education and provides that, effective with the 2010-2011 school year, all of the state's eligible students shall be in an elementary physical education program.

FISCAL IMPLICATIONS

The appropriation of \$8,000,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall not revert to the general fund.

SIGNIFICANT ISSUES

The bill provides for a four year phase-in of the physical education program in grades K-6 and allows twenty-five percent of the student population served each year. The PED enrollment figures for SY 2005-2006 indicate there were approximately 172,000 children in grades K-6. Therefore, roughly 43,000 K-6 students could be added to the program each year for the four-year implementation in the state's 449 elementary schools.

According to the Office of Education Accountability (OEA) both the PED and Legislative Education Study Committee (LESC), project the implementation will include a teacher to student ratio of 1 to 250. This implementation will result in a teacher holding 10 classes per day. The resulting configuration would not necessarily be the assignment of one teacher per school, rather it would be contingent upon school population size. Total projected costs for the four-year phase-in developed by the PED and the LESL are \$28,984,443 and \$30,357,990 respectively. Differences in the projected costs are attributed to the differences in the assumptions used by the two agencies.

The OEA reports the Executive recommendation for the four-year implementation of elementary physical education is approximately \$26.2 million or \$6.562 million for each of the four years.

SIGNIFICANT ISSUES

The OEA notes that the impetus for elementary physical education programs came from one the Governor's initiatives and is directed at helping to overcome the contagion of diabetes currently apparent in the United States generally and New Mexico specifically. According to the Centers for Disease Control (CDC) being overweight or obese can result in various serious health problems including: diabetes, high blood pressure, heart disease, stroke, depression, liver disease, asthma and other maladies. In turn, these maladies, especially diabetes, contribute to complications such as amputation, end-stage renal disease, and blindness. The NM Department of Health (DOH) indicates that Type II disease, previously considered an adult disease, has risen dramatically in adolescents and children. Regular exercise is one way of combating obesity while physical education is considered a critical vehicle in helping individuals develop healthy lifelong habits and that can serve as deterrents to the diseases cited above.

The OEA cites a DOH report that New Mexico that an estimated \$324 million is spent in New Mexico annually on adult obesity-attributable medical expenditures. The report indicates that "The potential to decrease these expenses through obesity prevention is a significant motivator for policy makers and public health professionals alike."

The DOH reports that:

- 57 percent of adults are overweight or obese;
- 24 percent of high school students or at risk for overweight; and
- 22 percent of low-income children between 2-5 years of age who participate **in federally-funded nutrition programs are overweight or at risk for overweight.**

PERFORMANCE IMPLICATIONS

This bill will positively impact the PED'S performance measures as they relate to implementation of the governor's obesity prevention initiative.

ADMINISTRATIVE IMPLICATIONS

The PED will be responsible for implementing the program along with collecting data and determining the distribution of the appropriation to eligible elementary schools.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 208 duplicates SB 232.

TECHNICAL ISSUES

The PED submits the following recommendations:

- on page 2 lines 2-5. B: As used in this section, "elementary physical education" means eligible physical education programs that serve students in kindergarten through grade six in a public school classified by the department as an elementary school."
- on page 4 lines 1-3 (1): "'eligible students' means students in kindergarten through grade six in a public school classified by the department as an elementary school." The wording of these definitions could limit the funding to only those elementary schools that

have kindergarten through sixth grade. The intent is to fund all elementary schools for physical education regardless of the configuration of the school (i.e. K-5 school, or just a grade 4 school). See Amendment below.

Elementary schools teach by programs not by “courses” (see SB 232 page 5 line 10). See Amendment below.

AMENDMENTS

The PED proposes the following changes:

Amend page 2 lines 4-5 as follows:

serve students ~~in kindergarten through grade six in a public school classified by the department as an elementary school~~ enrolled in an elementary school as classified by the department, starting in kindergarten."

Amend page 4 lines 2-3 as follows:

~~kindergarten through grade six in a public school classified by the department as an elementary school~~ enrolled in an elementary school as classified by the department, starting in kindergarten.”

Amend page 5 line 10 as follows:

include the elementary physical education ~~courses~~ program being taught

POSSIBLE QUESTIONS

- This bill requires that physical education teachers be certified. Does the state have the teachers necessary to carry out the provisions of the bill?
- Do elementary schools have the facilities to implement physical education programs?

PA/LRB/nt