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FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/11
LAST UPDATED 02/28/11 **HB** 73/aHCPAC/aHEC

SPONSOR Stewart

SHORT TITLE Early K-3-Plus Pilot Fund Early Allocation **SB** _____

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

SUMMARY

Synopsis of HEC Amendment

HEC Amendment strikes the HPAC amendment 2 (language included below) and inserts the following language:

PED shall allocate up to 90 percent of each schools' K-3 Plus allocation on or before June 1 of each year, and shall recompute each allocation and allocate the balance of the annual appropriation on or before January 15 of each year, adjusting for any overestimation or underestimation made in the first allocation.

HEC amendment also adds an emergency clause.

Synopsis of HCPAC Amendment

HCPAC Amendment to House Bill 73 strikes the original amendment in its entirety and includes the following language:

PED will be required to allocate up to 50 percent of a schools K-3 Plus allocation on or before June 1 of each year, and shall recompute each allocation and allocate the balance of the annual appropriation on or before January 15 of each year, adjusting for any overestimation or underestimation made in the first allocation.

Synopsis of Original Bill

House Bill 73 amends the Public School Code to require the Public Education Department to allocate up to 50 percent of a school's K-3 Plus funding allocation before June 1 if the Legislature makes funding available before July 1.

FISCAL IMPLICATIONS

The K-3 Plus program has received recurring appropriation since 2007 through Section 4 of the General Appropriations Act. Section 4 appropriations are only available for expenditure for the fiscal year in which the appropriation is made and cannot be used prior to the start of a new fiscal year.

The intent of the bill is to make K-3 Plus funding available to distribute to districts prior to the beginning of the fiscal year. However, the bill will not distribute K-3 Plus funding prior to the beginning of the fiscal year. K-3 Plus fund cannot be distributed to districts for expenditure prior to the fiscal year as long as the K-3 Plus appropriation is made as a recurring appropriation in Section 4 of the General Appropriations Act. The bill as amended by HEC will require up to 90 percent of the funds to be allocated on or before June 1 (available for distribution beginning July 1), and the remaining balance no later than January 15.

House Bill 2 currently includes a \$5.3 million appropriation for the K-3 Plus program for FY12. If this bill passes, up to \$2.65 million of the appropriation will be available for expenditure from on July 1, and the remaining balance no later than January 15, when PED allocates the remaining funds.

SIGNIFICANT ISSUES

In 2007, the K-3 Plus program was created as a six-year pilot project that extends the school year for kindergarten through third grade by up to two months for participating students and measures the effect of additional time on literacy, numeracy and social skills development. The purpose of K-3 Plus is to demonstrate that increased time in kindergarten and the early grades narrows the achievement gap between disadvantaged students and other students and increases cognitive skills and leads to higher test scores for all participants. K-3 Plus must be conducted in high poverty public schools – public schools with at least 85 percent or more of the students eligible for free and reduced lunch.

The K-3 Plus program adds a minimum of 25 additional days to the beginning of the school year for participating kindergarten through third grades. Dependent on when the school year begins, the K-3 Plus program may be required to begin prior to July 1, the beginning of a new fiscal year. The K-3 Plus program is funded through Section 4 of the General Appropriation Act as a flow through appropriation to the department. Because Section 4 allocations cannot be expended prior to the start of a new fiscal year, a school with a K-3 Plus program that must begin prior to July 1 to meet the minimum mandatory 25 additional days does not have access to the appropriation made for that school year's program. These schools have a difficult time hiring staff and purchasing materials and supplies.

By statute, the department is required to provide additional professional development days for K-3 Plus teacher in reading. The department also reports that due to funding cuts they will be unable to provide professional development prior to the summer 2012 session unless the FY12 appropriation is available prior to July 1, 2011.

PERFORMANCE IMPLICATIONS

If the number of students served in the K-3 Plus program increases as a result of passage of this bill the number of fourth graders who achieve proficiency or above in the New Mexico Standards Based Assessment could increase.

ADMINISTRATIVE IMPLICATIONS

PED staff will begin the process of evaluating annual applications and allocating funding in February to ensure schools have enough time to implement the mandatory minimum 25 days.

RSG/bym:svb