

LESC bill analyses are available on the New Mexico Legislature website (www.nmlegis.gov). Bill analyses are prepared by LESC staff for standing education committees of the New Mexico Legislature. LESC does not assume any responsibility for the accuracy of these reports if they are used for other purposes.

LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
55th Legislature, 1st Session, 2021

Bill Number	<u>HB138</u>	Sponsor	<u>Montoya, RE</u>
Tracking Number	<u>.219010.2</u>	Committee Referrals	<u>HEC/HLLC</u>
Short Title	<u>Increase Fine Arts Education Program Unit</u>		
Analyst	<u>Simon</u>	Original Date	<u>1/28/21</u>
		Last Updated	<u>2/24/21</u>

BILL SUMMARY

Synopsis of Bill

House Bill 138 (HB138) would increase the cost differential used to calculate program units for elementary fine arts education programs from 0.05 program units in FY21 to 0.054 program units for FY22 and subsequent fiscal years. The amendment also strikes obsolete language in the Public School Finance Act, which provides for a cost differential for fine arts education program units in FY04 through FY21.

The bill has an effective date of July 1, 2021.

FISCAL IMPACT

The bill does not contain an appropriation. The bill would increase the number of program units generated by school districts and charter schools through the public school funding formula. Without an increased appropriation to the funding formula's state equalization guarantee distribution (SEG), an increase in the number of units would decrease the unit value, impacting school districts and charter schools statewide. House Appropriations and Finance Committee substitute for House Bills 2 and 3 does not include an appropriation for HB138.

For FY21, the public school funding formula generated 8,020 program units for elementary fine arts programs, for a total of \$36.3 million at the preliminary FY21 unit value. Based on FY21 enrollment levels, the bill would create 642 additional program units in FY22, at an estimated cost of \$2.9 million at the preliminary FY21 unit value.

HB59 would increase the amount school districts and charter schools generate for each student enrolled in an eligible fine arts education program. Currently, school districts and charter schools generate \$226.59 per student in an elementary school fine arts program. The bill would increase that to an estimated \$244.71, based on the preliminary FY21 unit value. This represents an increase of \$18.12 per student, or 8 percent.

SUBSTANTIVE ISSUES

Since FY04, the public school funding formula has allocated additional funding to school districts and charter schools with elementary schools that implement fine arts programs in accordance with the Fine Arts Education Act. Almost all elementary school students participate in an approved program. Since FY06, school districts and charter schools have received 0.05 program units per student participating in a compliant fine arts education program, or about \$226 per student at FY21 preliminary unit value.

Proponents of the increased weighting for fine arts programs cite recent changes to the funding formula’s training and experience (T&E) index. Prior to FY20, the T&E index was multiplied by early childhood education program units, basic education program units, special education program units, bilingual multicultural education program units, fine arts education program units, and elementary physical education program units. Laws 2018, Chapter 55, (House Bill 188) aligned the T&E index with the three-tiered licensure system and addressed arguments in the *Martinez-Yazzie* education sufficiency lawsuit that identified the T&E index as a potential source of inequitable funding for education. The updated law reduced the weight of the T&E index in the funding formula by applying the factor only to early childhood education and basic education program units. Although this change reduced the number of program units, the Legislature did not decrease appropriations to the SEG to account for the decreased units, allowing the funding to flow back to school districts and charter schools in the form of a higher program unit value.

Historic guidance from PED directed school districts and charter schools to include funding from the T&E index in elementary fine arts program budgets. However, this guidance was not immediately updated following the passage of HB188 so a number of school districts and charter schools created FY20 budgets for fine arts that included both T&E funding and the higher program unit value made possible by the change to the T&E index. Had HB188 not been enacted, the FY20 program unit value would have been lower but school districts and charter schools would have generated more T&E program units. In effect, by including both extra T&E funding and the higher program unit value, some initial fine arts program budgets “double counted” a portion of education funding, creating an impression that funding was cut when schools were directed to correct the budget to account for the new law. This impression was compounded by a loss of nearly 5,000 students in elementary fine arts programs, a reflection of a general decline in enrollment.

Elementary Fine Arts Funding by Fiscal Year

Fiscal Year	Students	Fine Arts Program Units	Fine Arts Funding	Per Student Funding	Program Units with T&E Index per PED Guidance	Fine Arts Funding with T&E Index per PED Guidance	Per Student Funding with T&E Index
FY15	166,157	8,308	\$33,295,786	\$200.39	9,047	\$36,259,111	\$218.22
FY16	166,780	8,339	\$33,670,797	\$201.89	9,031	\$36,465,473	\$218.64
FY17	171,708	8,820	\$35,100,774	\$204.42	9,526	\$37,908,836	\$220.78
FY18	170,180	8,509	\$34,752,866	\$204.21	9,173	\$37,463,590	\$220.14
FY19	167,780	8,389	\$35,175,041	\$209.54	9,060	\$37,969,604	\$226.31
FY20	162,540	8,127	\$37,402,533	\$230.11	8,127	\$37,402,533	\$230.11
FY21*	160,396	8,020	\$36,343,694	\$226.59	8,020	\$36,343,694	\$226.59
FY22 (HB138)*	160,396	8,661	\$39,251,140	\$244.71	8,661	\$39,251,140	\$244.71

*For FY21 and FY22, total funding is based on the preliminary unit value.

Source: LESC Analysis

SOURCES OF INFORMATION

- LESC Files

JWS/mb