

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill No: HB 139a

49th Legislature, 1st Session, 2009

Short Title: Create Dual Credit Textbook Fund

Sponsor(s): Representative Rick Miera and Others

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FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

AS AMENDED

The House Appropriations and Finance Committee amendments remove the appropriation.

The House Education Committee amendments delete the provision allowing the Instructional Material Bureau to reallocate and distribute any money remaining in the Dual Credit Textbook Fund at the end of a fiscal year.

Original Bill Summary:

HB 139 creates the non-reverting Dual Credit Textbook Fund in the State Treasury, to be administered by the Instructional Material Bureau in the Public Education Department (PED). The money in the fund is to be distributed to school districts, charter schools, and state-supported schools each year to provide textbooks and course supplies for their students who participate in the state Dual Credit Program.

Among its other provisions, HB 139:

- defines the term “textbook” to include other educational media as provided by department rule and clarifies that shipping and handling charges may be included in the cost;
- requires the Instructional Material Bureau to allocate to each recipient – school districts, charters schools, and state-supported schools – on or before April 1 of each year, a specific dollar amount for each dual credit course completed by an eligible student during the prior calendar year;
- requires PED and the Higher Education Department (HED) to determine the amount of the per-course allocation each year according to cost data that the two departments collect;
- requires the Instructional Material Bureau, by July 31 of each year, to distribute directly to each recipient 100 percent of its allocations, to the extent that money is available in the fund;
- allows school districts, charter schools, and state supported-schools to retain any money remaining at the end of a fiscal year for the purchase of dual credit textbooks and course supplies in subsequent fiscal years;
- requires recipients to report to the Instructional Material Bureau, by July 1 of each year, any money received in payment of lost or damaged textbooks or unused course supplies

and any money received through the sale of those items and requires the bureau to reduce the recipient's distributions by that amount in succeeding fiscal years;

- allows the Instructional Material Bureau to reallocate and distribute any money remaining in the Dual Credit Textbook Fund at the end of a fiscal year; and
- requires the bureau to enforce accounting procedures.

Revised Fiscal Impact:

HB 2 et al. includes an appropriation of \$1.5 million for the Dual Credit Textbook Fund.

Original Fiscal Impact:

\$1.5 million is appropriated from the General Fund to the Dual Credit Textbook Fund.

Any unexpended or unencumbered funds do not revert to the General Fund.

In their respective budget recommendations, both the Legislative Education Study Committee (LESC) and the Legislative Finance Committee (LFC) have included \$1.5 million for the Dual Credit Textbook Fund, contingent upon the enactment of legislation.

In addition, HB 3, as amended and as passed by the House Education Committee, also includes \$1.5 million for the Dual Credit Textbook Fund, contingent upon the enactment of legislation.

Issues:

HB 139 addresses an issue with the current dual credit legislation: the fiscal impact upon the school district, charter school, and state-supported school of the requirement that the secondary schools provide the textbooks and course supplies for their students participating in the Dual Credit Program.

- This concern arose during the 2007 interim, as a large, broadly representative dual credit committee, formed by PED and HED, began drafting agency rules and performing other tasks to implement the 2007 legislation creating the Dual Credit Program.
- At that time, school officials expressed their concern about the high cost of textbooks used in dual credit courses, which allow a student to earn secondary and postsecondary credit at the same time.
- The result of recommendations made by a work group formed at the direction of the Chair of the LESL, HB 139 seeks to alleviate those concerns. As explained under "Background," below, both the amount of the appropriation and the method of distributing it in HB 139 stem from recommendations of this work group.

HED's analysis of HB 139 says that creation of the Dual Credit Textbook Fund "should contribute to the success of the dual credit program."

The analysis by the Office of Education Accountability suggests that HB 139 "should reduce the financial burden on public school districts, charter schools, and state-supported schools implementing dual credit programs." This analysis further suggests that the LESL consider

requesting an annual report from PED and HED on the balance in the fund and on the implementation of the procedures.

Finally, the PED bill analysis suggests three alternatives to the approach taken by HB 139:

- consider the lottery scholarship funds as an alternative source of revenue;
- place administration of the Dual Credit Textbook Fund with HED; or
- place administration of the fund with PED in general rather than the Instructional Material Bureau in particular.

Technical Issues:

The Fiscal Impact Report (FIR) by the LFC describes as “unnecessary” the provision in HB 139 allowing the Instructional Material Bureau to reallocate and distribute any money remaining in the fund. For one thing, according to the FIR, PED is expected to distribute all the money in the fund annually; and for another, this provision may create “an incentive for schools to request supplemental allocations after final distributions are made.”

Background:

Enacted in 2007, LESC-endorsed legislation provided, for the first time, a statewide dual credit program authorized in statute and supported by the state. This legislation was amended in 2008, also as endorsed by the LESC, to expand the program to include state-supported schools, in addition to school districts and charter schools, and to allow dual credit courses to be taken during the summer term. In school year 2008-2009, the program is being fully implemented.

To help offset the impact of providing students’ textbooks and course supplies for school year 2008-2009, the Legislature increased the FY 09 appropriation to the Instructional Material Fund by \$1.3 million. However, this additional appropriation is subject to the same distribution as the rest of the money in that fund. That is, it will be distributed to certain entities – private schools and Adult Basic Education centers – that are eligible for instructional material funds but not for the Dual Credit Program.

To produce a long-term solution, the LESC Chair asked the Director to convene a work group to determine the amount of money needed and a methodology for distributing the funds. In addition to LESC staff, the LESC Work Group on the Dual Credit Program comprised representatives of the LFC, the Executive, PED, HED, school districts, charter schools, state-supported schools, secondary education associations, postsecondary education associations, and college bookstores.

To address the first charge to the work group – estimating the cost of textbooks and course supplies for dual credit courses – members gathered enrollment data and textbook cost data. Included were expenses and experiences of school districts and charter schools, actual costs of textbooks used in dual credit courses at a number of postsecondary educational institutions in New Mexico, textbook costs nationwide, and the most recent dual credit enrollment data compiled by HED and PED. Based on these data, the work group reached consensus on the following points:

- an average per-course cost of textbooks and course supplies of \$82.00;
- a projected enrollment in dual credit courses of 6,000 students;

- an average of three dual credit courses per student; and
- an appropriation of approximately \$1.5 million for FY 10 (school year 2009-2010):

$$\$82.00 \text{ per course} \times 6,000 \text{ students} \times 3 \text{ courses per student} = \$1,476,000$$

Regarding the second charge – a method for distributing the funds – the members of the work group agreed that a separate fund should be created strictly for dual credit textbooks and course supplies. They also agreed on a distribution method somewhat like the process used in the *Instructional Material Law*, except that, as HB 139 provides, the allocations would be based on a school's or district's actual enrollment in dual credit courses during the preceding calendar year (to allow use of the most recent data) and that PED would distribute 100 percent of those allocations, to the extent that funds are available.

Finally, the other provisions in HB 139 also reflect recommendations of the LESC Work Group on the Dual Credit Program.

Related Bills:

HB 49 *Tribal Colleges in Dual Credit Program*

CS/HB 50 *American Indian Post-Secondary Education Act*

HB 740 *Dual Credit Program for Additional Students*