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FISCAL IMPACT REPORT

SPONSOR Cervantes ORIGINAL DATE 02/26/15
LAST UPDATED _____ HB _____
SHORT TITLE Increase School Hours & Days SB 563
ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Implications					

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Public School Insurance Authority (PSIA)

Educational Retirement Board (ERB)

SUMMARY

Synopsis of Bill

Senate Bill 563 amends the Public School Code provisions related to the length of a school year. The bill establishes a 205-day school year for kindergarten through fifth grades and requires each instructional day to consist of 5.5 hours per day. The bill also requires the 205 days to be as evenly spaced in a balanced calendar as practicable. The bill increases the number of instructional hours for students in sixth grade from 5.5 hours per day or 990 hours per year to 6 hours per day or 1080 hours per year. The bill increases the funding formula basic program unit cost differentials for kindergarten through 12th grade students as follows: 0.3 for kindergarten through third grade and sixth grade through 12th grade, and 0.03 for fourth grade and fifth grades.

Provisions of the bill will become effective during the 2017-2018 school year (FY18) if Senate Joint Resolution 12 is approved by the people of New Mexico.

FISCAL IMPLICATIONS

This bill does not include an appropriation to cover the costs associated with implementing additional school days for elementary school students. However, the bill will not become effective unless SJR 12 is approved at the next general election. SJR 12 proposes to make an additional distribution from the Permanent School Fund (which is part of the Land Grant Permanent Fund) of 1 percent of the average of the year-end market values of the fund for the preceding five calendar years. SJR 12 would require these funds be used to implement and maintain a longer school year for public school students in kindergarten through fifth grade.

If enacted by a majority vote of the people, SJR 12 would provide approximately \$109.5 million in additional revenue to public schools in FY17, \$120.4 million in FY18, and \$130.8 million in FY19. School districts would be required to implement the increased school year for elementary students in FY18.

Based on an assumption of an increase in the cost differential factor for kindergarten through fifth grade basic program units of 0.3, LFC staff estimates implementation of the bill will cost the state approximately \$195.6 million. Changes currently included in Section 3 include a technical error, and the cost differential factors should read as follows: first grade 1.5, second and third grades 1.48, fourth and fifth grades 1.345, and sixth grade 1.075 (no change from current law), and seventh through 12th grade 1.25 (no change from current law). See Technical Issues. Costs could be higher if provisions for sixth graders are maintained and cost differential factors are not changed.

PED's analysis notes that school transportation needs would likely increase by approximately \$13 million. The department's analysis also notes the bill as currently drafted would cost approximately \$395 million to hold the current unit value flat (to fully fund the additional units created by the bill). As noted above, a drafting error resulted in increasing the cost differential for sixth through 12th grades and an inconsistent increase for fourth and fifth grades that will be addressed by an amendment.

PED also noted the increase in the cost differential factors may be too high. The increase was modeled after the assumptions in the K-3 Plus program that funding for an additional 25 school days is needed at 30 percent of a program unit. The Legislature may want to revisit the cost differential factors for kindergarten through fifth grade and reduce them accordingly. PED estimates the increase may be more appropriate at 15 percent of each cost differential, consistent with the increase in instructional time. If the legislature increased each cost differential by 15 percent, the total cost of implementing increased instructional time for kindergarten through fifth grade students would be approximately \$114 million.

In FY09, the Legislature appropriated \$14 million to the state equalization guarantee distribution (public education funding formula) to fund an additional instructional day. At the time, the Legislature enacted House Bill 691 (Chapter 276 of Laws 2009), which measured instructional time by days – establishing a 180 days of instructional time for school districts using a regular school calendar, and 150 days of instructional time for school districts using a variable calendar. However, in 2011 the Legislature returned to measuring instructional time by hours rather than instructional days, and the additional day the state paid for was never implemented.

In addition to the funds that would be generated by SJR12, House Bill 2 currently includes \$22.2

million in funding for the K-3 Plus program that could be reprioritized for the purpose.

SIGNIFICANT ISSUES

Provisions of the bill seek to require a 205-day school year for elementary students in school districts that follow a regular school calendar (5-day calendar) to close the widening achievement gap. The increase in the cost differential factor will allow school districts to generate additional program units for elementary school students.

Some studies show that decreased classroom time can be a cause of poor student performance.

The National Conference of State Legislatures indicates the majority of states currently require 180 instructional days, though some states require more or fewer and others, like New Mexico, measure instructional time by hours rather than days. Education Commission of the States' data shows that New Mexico is one of nine states that currently does not require a number of minimum school days. Two states, Kansas and North Carolina, require more than the average 180 instructional days – 186 and 185 respectively.

Paul Vallas, a superintendent with a long history of leading school reform efforts nationally, refers to the need to “shake the trees” in education. Educators should adopt those practices that have the greatest impact on student learning. Time on task is a critical component of improved student achievement. Time on task refers to the time a student spends in the class room actively engaged in learning. Simply increasing the amount of time available for instruction is not enough to achieve learning gains. Time allocated for instruction must be appropriate, effective and meaningful, and teacher understanding of time on task must be enhanced. Instructional time must be reexamined to ensure that it is being used as effective learning time by addressing students' needs and interests.

PED's analysis notes provisions in Subsection D of 22-2-8.1 NMSA 1978 that allow the Secretary of PED to waive the minimum length of school days in those school districts where such minimums would create an undue hardship have been eliminated. PED states that when such a waiver is approved by the Secretary, the district and school is required to adjust their school calendar to ensure students will receive the required minimum instructional time. The current process allows district calendars to be adjusted when schools are closed for weather or other unforeseen events. PED states this is a critical piece of the statute that the Legislature should consider retaining. Flexibility to address unforeseen circumstances is necessary in ensuring that children remain safe and schools operate efficiently.

ERB notes, if the bill results in an increase in ERB member salaries, the additional contributions to the education retirement fund would have a slight immediate positive impact on the fund, but the bill's long-term effect on the actuarial status of the fund is expected to be negligible.

PERFORMANCE IMPLICATIONS

Increased instructional time in the early grades could improve math and reading skills of students and in the long term improve graduation rates, college remediation rates, and the economic well being of the state.

ADMINISTRATIVE IMPLICATIONS

Administrative implications are significant for school districts, which would be required to implement a longer school calendar more evenly spaced throughout the school year.

TECHNICAL ISSUES

The bill does not define what a “balanced calendar” is, though the term is generally used to refer to a school calendar that reduces the long summer break and spreads those vacation days throughout the school year, producing more frequent breaks and limiting long periods of in-session days, as well as longer vacations. The Legislature may wish to include a definition of the term as it is not used anywhere else in statute.

Changes proposed in Section 3 (Section 22-8-20 NMSA 1978) to the cost differential for basic program units should have only been made for kindergarten through fifth grades to reflect the increased cost of these grades associated with implementing a 205-day school year. Changes proposed for kindergarten through third grade are correct; however, fourth through fifth grade should be 1.345, sixth grade should remain at 1.045, and seventh through twelfth should remain at 1.25.

PED notes the cost differentials assumed by the bill are not consistent with the actual increase in instructional time included in the bill.

RSG/aml/je