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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
53rd Legislature, 1st Session, 2017

Bill Number	<u>*HB6/aHAFC</u>	Sponsor	<u>Lundstrom</u>
Tracking Number	<u>.205828.1</u>	Committee Referrals	<u>HAFC</u>
Short Title	<u>Reduce Appropriations and Transfer Funds</u>		
Analyst	<u>Hand</u>	Original Date	<u>1/23/17</u>
		Last Updated	<u></u>

BILL SUMMARY

This analysis is limited to the bill's impact on the public education department.

Synopsis of SFC Amendment

House Bill 6 (HB6) as amended, reduces related-recurring "below-the-line" appropriations made to the Public Education Department (PED) in FY17 \$11.5 million. The original bill included a \$22 million reduction.

Synopsis of Original Bill

House Bill 6 (HB6) reduces below-the-line appropriations made to the Public Education Department (PED) in FY17 by \$22 million as part of a suite of appropriation reductions geared toward solvency. Appropriations for K-3 Plus, prekindergarten, and PED's early reading initiative are excluded from the reduction. The bill allows PED to determine which of the 18 remaining below-the-line appropriations to reduce.

*HB6/aHAFC contains an emergency clause.

FISCAL IMPACT

In FY17, excluding K-3 Plus, prekindergarten, and PED's early reading initiative, the Legislature appropriated a total of \$39.4 million to PED for department initiatives. In addition, the Legislature reauthorized certain FY16 initiatives appropriations for the same use in FY17; PED carried forward \$17.2 million of FY16 appropriation into FY17 pursuant to this authority. The provisions of Section 2(D) of the amended bill would reduce appropriations made for 18 below-the-line initiatives by a total of \$11.5 million. For a list of initiatives, see Attachment A.

In FY16, the Legislature appropriated \$40.7 in recurring general fund revenue for these initiatives and supplemented this amount with an additional \$5.8 million in nonrecurring fund balance, for a total of \$46.5 million available in FY16.

PED testified the Legislature authorized a number of FY16 appropriations for use in FY17 to ensure the department did not see total reductions in initiatives appropriations in FY17 when compared with FY16 appropriations.

When considering the FY16 appropriations that were budgeted for use in FY17, PED currently has \$56.6 million in total revenue for use in FY17 which represents 93 percent more money available for below-the-line initiatives in FY17 than the \$29.3 million spent in FY16. An \$11.5 million reduction from below-the-line appropriations in FY17 leaves total available funds for initiatives in FY17 \$1.4 million lower than total appropriations in FY16.

Available Below-the-Line Funds FY16 vs. FY17

A	B	C	D	E	F
FY16 Adjusted General Fund Appropriation	FY16 Other State Funds Appropriation	Total Available in FY16 (A+B)	Unspent FY16 General Fund Appropriation (Budgeted FY17)	FY16 Percent Unspent (D/C)	FY16 Total Spent (C-D)
\$40,718	\$5,751	\$46,469	\$17,187	37%	\$29,281

G	H	I	J	K	L
FY17 General Fund Appropriation	FY 16 Cash Carry Forward	Total Available in FY17 (G+H)	Total Available in FY17 (with \$22M reduction) (I-\$22M)	Total Available in FY17 (with \$11.5M reduction) (I-\$11.5M)	FY17 Over/Under FY16 Total Appropriation (I-C)
\$39,432	\$17,187	\$56,619	\$34,619	\$45,119	\$10,151

K-3 Plus, prekindergarten, PED's early reading initiative are excluded from this analysis.

Source: LESC

PED has already reduced FY17 budgeted expenses for below-the-line programs by \$4.5 million, leaving \$7 million in appropriation reductions still needed to be eliminated from the PED budget for these below-the-line initiatives.

SUBSTANTIVE ISSUES

Return on Investment

Below-the-line appropriations are special appropriations to PED for strategic initiatives. Appropriations have increased from \$11 million, or 0.5 percent of public school appropriations in FY06, to \$99 million, or 3.7 percent of public school appropriations in FY17. PED has not provided data to determine return on investment for all programs but K-3 Plus and prekindergarten programs are shown to have positive impact on early learning and are specifically exempt from appropriation reductions in this bill.

PED reports below-the-line initiatives that have enough data for reporting are showing promise. PED reports the principals pursuing excellence program shows more than three times the state-average improvement in English language arts proficiency and almost double the state-average improvement in math proficiency. New Mexico has also seen an increase in access to advanced placement exams.

ADMINISTRATIVE IMPLICATIONS

PED reported the majority of below-the-line appropriations have already been encumbered or distributed in the form of award letters to school districts and charter schools. Award letters may need to be withdrawn if programs see reductions in funding.

OTHER SIGNIFICANT ISSUES

During the 2016 special session, a \$22 million appropriation reduction in below-the-line appropriations was vetoed.

SOURCES OF INFORMATION

- LESC Files

RELATED BILLS

SB113/aSFC

TWH/

Attachment A: Available Below-the-Line Funds FY16 vs. FY17

	FY16 Adjusted General Fund Appropriation	FY16 Other State Funds Appropriation	Total Available in FY16	Unspent FY16 General Fund Appropriation (Budgeted FY17)	Percent FY16 Unspent	FY17 General Fund Appropriation	FY17 Other State Funds Appropriation	FY 16 Cash Carry Forward	Total Available in FY17	FY17 Over/Under FY16 Total Appropriation
1 Breakfast for Elementary Students	\$ 1,924.60	\$ -	\$ 1,924.60	\$ 374.17	19.4%	\$ 1,924.60	\$ -	\$ 374.17	\$ 2,298.77	\$ 374.17
2 Regional Education Cooperatives	\$ 935.60	\$ -	\$ 935.60			\$ 935.60	\$ -	\$ -	\$ 935.60	
3 After School and Summer Enrichment Programs	\$ 350.00	\$ 750.80	\$ 1,100.80	\$ 184.05	52.6%	\$ 350.00	\$ -	\$ 184.05	\$ 534.05	\$ (566.75)
4 Merit Pay	\$ 6,645.00	\$ 1,750.00	\$ 8,395.00	\$ 5,886.00	88.6%	\$ 6,000.00	\$ -	\$ 5,886.00	\$ 11,886.00	\$ 3,491.00
5 Teaching Support in Schools with a High Proportion of Low-Income Students	\$ 500.00	\$ -	\$ 500.00		0.0%	\$ 500.00	\$ -		\$ 500.00	\$ -
6 NMTEACH Evaluation System	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 491.98	9.8%	\$ 4,600.00	\$ -	\$ 491.98	\$ 5,091.98	\$ 91.98
7 STEM Initiative (Science, Technology, Engineering, and Math Teachers)	\$ 2,400.00	\$ -	\$ 2,400.00	\$ 603.16	25.1%	\$ 2,400.00	\$ -	\$ 603.16	\$ 3,003.16	\$ 603.16
8 Next Generation School Teacher and School Leader Preparation Programs (NMPrep and NMLead)	\$ 4,145.50	\$ -	\$ 4,145.50	\$ 3,027.96	73.0%	\$ 4,145.50	\$ -	\$ 3,027.96	\$ 7,173.46	\$ 3,027.96
9 New Mexico Cyber Academy (IDEAL-NM)	\$ 250.00	\$ 250.00	\$ 500.00	\$ 20.39	8.2%	\$ 250.00	\$ -	\$ 20.39	\$ 270.39	\$ (229.61)
10 College Preparation, Career Readiness, and Dropout Prevention	\$ 2,901.00	\$ -	\$ 2,901.00	\$ 480.88	16.6%	\$ 2,901.00	\$ -	\$ 480.88	\$ 3,381.88	\$ 480.88
11 Advanced Placement	\$ 875.00	\$ -	\$ 875.00	\$ 84.92	9.7%	\$ 875.00	\$ -	\$ 84.92	\$ 959.92	\$ 84.92
12 Interventions and Support for Students, Struggling Schools, and Parents including Truancy and Dropout Prevention	\$ 10,500.00	\$ 2,000.00	\$ 12,500.00	\$ 4,657.00	44.4%	\$ 10,500.00	\$ -	\$ 4,657.00	\$ 15,157.00	\$ 2,657.00
13 Parent Portal	\$ 1,196.70	\$ -	\$ 1,196.70	\$ 563.60	47.1%	\$ 1,100.00	\$ -	\$ 563.60	\$ 1,663.60	\$ 466.90
14 New Mexico Grown Fruits and Vegetables	\$ 364.30	\$ -	\$ 364.30	\$ 131.57	36.1%	\$ 250.00	\$ -	\$ 131.57	\$ 381.57	\$ 17.27
15 Black Student Union	\$ 30.00	\$ -	\$ 30.00	\$ 1.64	5.5%		\$ -	\$ 1.64	\$ 1.64	\$ (28.36)
16 GRADS – Teen Pregnancy Prevention	\$ 200.00	\$ -	\$ 200.00	\$ 1.29	0.6%	\$ 200.00	\$ -	\$ 1.29	\$ 201.29	\$ 1.29
17 Teacher Mentorship - Teachers Pursuing Excellence	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 532.07	53.2%	\$ 1,000.00	\$ -	\$ 532.07	\$ 1,532.07	\$ (467.93)
18 Stipends for Teachers in Hard to Staff Areas (Special Education, Bilingual, STEM, etc.)	\$ 1,500.00	\$ -	\$ 1,500.00	\$ 146.78	9.8%	\$ 1,500.00	\$ -	\$ 146.78	\$ 1,646.78	\$ 146.78
19 Total	\$ 40,717.70	\$ 5,750.80	\$ 46,468.50	\$ 17,187.45	37.0%	\$ 39,431.70	\$ -	\$ 17,187.45	\$ 56,619.15	\$ 10,150.65

K-3 Plus, prekindergarten, PED's early reading initiative are excluded from this analysis.

Source: LESC