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FISCAL IMPACT REPORT

SPONSOR Stewart **ORIGINAL DATE** 2/5/19
LAST UPDATED 2/22/19 **HB** _____

SHORT TITLE School Physical Ed in K-6th Grade **SB** 304/aSEC

ANALYST Liu

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$7,000.0	\$0.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$0.0 - \$7,765.7	\$0.0 - \$13,868.1	\$0.0 - \$21,633.8	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 5, HB 412, HB 455, SB 1, SB 253, SB 298, SB 429, SB 612, SB 616
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files
 Legislative Education Study Committee (LESC) Files

Responses Received From

Public Education Department (PED)
 Department of Health (DOH)
 Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 304 makes a technical correction, requiring elementary physical (P.E.) instruction for all sixth grade students at elementary schools with sixth grade students by FY22. The original language referred to sixth grade students at elementary schools with ‘fifth’ grade students.

Synopsis of Original Bill

Senate Bill 304 amends the Public School Code to provide instruction in P.E. to all elementary students in kindergarten through sixth grade by FY22. The bill requires elementary P.E. programs to provide at least 30 minutes of activity per day and phases in elementary P.E. instruction for all students in:

- kindergarten and first grade by FY20,
- second and third grade by FY21,
- fourth, fifth, and sixth grade (in elementary schools with fifth graders; **the SEC amendment changes this to sixth graders**) by FY22.

The bill also removes provisions allowing PED to determine the number of P.E. programs and priority of funding for P.E. programs each year.

FISCAL IMPLICATIONS

The appropriation of \$7 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

In 2007, the Legislature established elementary P.E. program units in the public school funding formula. According to PED, the original bill intended to phase in elementary P.E. across the state over the course of 4 years with an \$8 million appropriation to the state equalization guarantee (SEG) each year. The \$8 million appropriation was included in the SEG base in FY08 and FY09 but was discontinued after the state experienced revenue declines during the Great Recession. PED notes the \$8 million appropriation in the first two years was estimated to cover approximately 40 percent to 50 percent of elementary schools, and funding was initially prioritized to schools based on historic free and reduced-fee lunch (FRL) program participation. Since FY09, PED has held elementary P.E. program unit generation flat for the same schools to fully phase-in the program on an equal and uniform basis once the remaining funding would be made available.

Currently, the funding formula generates a total of 3,908 P.E. units. PED estimates about 298 additional elementary P.E. units would be generated in the funding formula in FY20 due to the phase-in of kindergarten P.E., which would cost \$1.2 million above the current funding level for existing elementary P.E. programs (using the FY19 final unit value of \$4,190.85). The \$7 million appropriation in FY20 would sufficiently cover the costs for this increase and thus not impose additional operating budget costs in the first year of implementation. The number of elementary P.E. units generated in FY21 could be up to 1,853 units higher than the FY20 unit total and cost up to \$7.8 million. The number of elementary P.E. units generated in FY22 could be up to 3,309 units higher than the FY21 unit total and cost up to \$13.9 million (this estimate includes 10 percent of sixth grade students). Fully phasing in elementary P.E. units over the 3-year period would cost an estimated \$22.8 million (not including the \$7 million appropriation in FY20).

SIGNIFICANT ISSUES

PED notes the bill provides funding only for the first year of the 3-year phase-in period. While P.E. is required in first through 12th grade, universal funding is not currently provided. Schools that lack an instructor licensed in P.E. or funding for P.E. could experience increased budgetary

constraints if funding for the phased-in grades is not provided in subsequent years.

According to DOH, nearly 28 percent of New Mexico kindergarten students were overweight or obese in 2017. Prevalence rates were significantly higher among third graders – over 34 percent were overweight or obese. In 2014, over 11 percent of kindergarten students were obese, and by 2017, 19.9 percent of students in from the 2014 cohort were obese. DOH notes this 72 percent increase in obesity between kindergarten and third grade highlights the continued need to address and prevent excessive weight gain and support physical activity behaviors at an early age. The lack of physical activity is a major risk factor for obesity, diabetes, and heart disease.

DOH notes significantly more American Indian children in New Mexico experience childhood obesity than any other racial or ethnic group. In 2017, 55.6 percent of American Indian third grade students were overweight or obese, compared to 36.6 percent of Hispanic, and 22.6 percent of White third graders.

The Centers for Disease Control and Prevention (CDC), American Heart Association, American Cancer Society, American Diabetes Association, National Association for Sport and Physical Education (NASPE), National Association of State Boards of Education, and Institute of Medicine, recommend 150 minutes of physical education each week for children in elementary school. At least 50 percent of physical education class time should be spent in moderate to vigorous physical activity. NASPE and CDC guidelines for “high quality physical education” also advocate that all classes be taught by qualified physical education specialists.

According to the U.S. Department of Health and Human Services (DHHS), children and adolescents ages 6 through 17 years should do 60 minutes or more of moderate-to-vigorous physical activity daily. DHHS notes regular physical activity is one of the most important things people can do to improve their health. Moving more and sitting less have tremendous benefits for everyone, regardless of age, sex, race, ethnicity, or current fitness level. Individuals with a chronic disease or a disability benefit from regular physical activity, as do women who are pregnant.

PERFORMANCE IMPLICATIONS

DOH notes physical education and physical activity can have both immediate and long-term benefits on academic performance when children and adolescents participate in at least 60 minutes of physical activity each day. Substantial evidence indicates that physical activity can improve academic achievement, including grades and standardized test scores, and affect cognitive skills and attitudes as well as academic behavior (including enhanced concentration, attention, and improved classroom behavior). Research also suggests that increased time spent in physical education is not likely to detract from academic performance even when less time is devoted to subjects other than physical education. Beyond these known academic effects, multiple health benefits can be seen. Regular physical activity builds healthy bones and muscles, improves muscular strength and endurance, reduces the risk for developing chronic risk factors, improves self-esteem, and reduces stress and anxiety.

DOH emphasizes the importance of having clear implementation guidelines and monitoring physical education programs over time. A study of the Texas Fitness Now program, which was a 4-year, \$37 million investment in improving physical education at high-poverty middle schools, found that while fitness levels improved, obesity did not, and the results were mixed on the effect

on academic achievement. One identified problem was lack of evaluation, and schools were allowed flexibility in how they used allocated funds to improve their physical education programs.

ADMINISTRATIVE IMPLICATIONS

PED would need to review elementary P.E. units generated in FY19 and determine the appropriate number of units for FY20 and subsequent fiscal years. The bill includes a provision requiring PED to ensure the current schools receiving P.E. units are not generating more units than their current eligible population.

RELATIONSHIP

This bill relates to House Bills 5, 412, and 455 and Senate Bills 1, 253, 298, 429, 612, and 616 which all propose changes to the public school funding formula. The bill also relates to the SEG appropriation in the General Appropriation Act.

SL/gb/al