

June 21, 2002

MEMORANDUM

TO: Legislative Education Study Committee

FR: D. Pauline Rindone

RE: Summary of Public School-Related Legislation Passed by The Forty-Fifth Legislature, First Extraordinary Session, 2002 (After Veto Override By The House And Senate)

Enclosed for your information is the summary of the appropriation for Public School Support for FY 03.

During the regular session, the 2002 Legislature passed two versions of the *General Appropriation Act of 2002* that provided FY 03 public school funding; however, Governor Johnson vetoed both bills. In his veto messages, the Governor stated that the bills did not provide for a flat budget, adequate reserves for our future or responsible Medicaid spending. In his partial veto message of *CS/H 88, as amended, Governor Johnson concluded, "Choices have been made. Laws have been signed or vetoed. The 45th Legislature is officially over pursuant to the Constitution. I will now take all necessary and appropriate executive action to manage the government over the remainder of my term in office."

On May 24, 2002, the Legislature called itself into an extraordinary session, passed Senate Bill 1, which the Governor again vetoed. However, a veto override was passed by the Legislature.

The General Appropriation Act of 2002 (SB 1) provides \$1.8 billion for public school support and education-related appropriations for public school districts for FY 03, an increase of that after sanding reflects \$2.6 million in new dollars or .15 percent over the FY 02 appropriation.

Table 1, *Public School Support and Related Appropriations for FY 03*, outlines a reduction of the appropriations for public school support and related appropriations of over \$3.6 million after sanding. It also indicates an adjustment of \$119,000 to program cost as a result of the sanding of the State Equalization Guarantee that includes credits of the local .5 mill levy, federal forest reserve revenues, and Impact Aid funds.

In program cost, the Legislature appropriated over \$1.7 billion to provide for enrollment growth above one percent, insurance costs, and full-day kindergarten. The insurance cost appropriation includes approximately \$4.4 million to offset most of the FY 03 estimated increases in medical insurance premiums for all public school employees. According to the New Mexico Public Schools Insurance Authority, eligible employees will be required to pay from two to four percent of the increase from their pay based on the annual salary of the employee. The appropriation for implementation of full-day kindergarten programs in FY 03 will be supplemented with \$3.0 million in federal Temporary Assistance for Needy Families (TANF) funds. On May 31, 2002, the State Department of Education (SDE) announced that 52 new full-day kindergarten programs from 25 school districts would be implemented in the 2002-2003 school year. The FY 03 appropriation for full-day kindergarten expands the availability of full-day kindergarten programs to 13,000 or 60 percent of kindergarten students in the third year of the five-year phase-in of full-day kindergarten in New Mexico.

Other operational funding provided in the General Appropriation Act of 2002 includes over \$149.0 million for categorical public school support and education-related appropriations.

Table 2, *Public School-Related Appropriations*, summarizes appropriations designated to SDE from federal TANF funds in the Income Support Division, Human Services Department (HSD). A Joint Powers Agreement between HSD and SDE in FY 03 will provide \$1.3 million for Teen Pregnancy Education and Prevention (the GRADS program); over \$2.4 million for Early Childhood Development (before- and after-school programs); and \$1.0 million for Adult Basic Education. A \$250,000 appropriation for the Indian and Higher Education Fund was included in the Special Appropriations section of the General Appropriation Act of 2002 that was contingent upon passage of CS/HB 28, as amended, *Indian Education Act*, or similar legislation becoming law. In the regular session, the Legislature passed CS/HB 28, as amended, and SB 198, as amended; however, as the bills were both vetoed, the funds were not appropriated.

xc: Other Interested Parties

TABLE 1
PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY 03
GENERAL APPROPRIATION ACT OF 2002
(Dollars in Thousands)

	FY 02 APPROPRIATION	CS/HB 2, et al., as amended VETO (Feb. 7)	CS/SB 1 VETO (Mar. 6)	EXTRAORDINARY SESSION SBI	EXTRAORDINARY SESSION SB 1 AFTER SANDING	Sanding Difference
1 PROGRAM COST	\$1,554,502.0	\$1,699,964.8	\$1,699,964.8	\$1,699,964.8	\$1,696,566.5	(\$3,398.3)
2 ENROLLMENT GROWTH	\$4,000.0	\$4,000.0	\$4,000.0	\$4,000.0	\$3,992.0	(\$8.0)
3 FIXED COSTS	\$11,425.2	(\$2,000.0)	(\$2,000.0)	(\$4,000.0)	(\$3,992.0)	\$8.0
4 INSURANCE COSTS	\$14,186.1	\$18,757.2	\$18,757.2	\$17,257.2	\$17,222.7	(\$34.5)
5 COMPENSATION for Public School Employees						
6 Teachers	\$65,733.6	\$10,000.0				
7 Instructional Staff	\$9,559.9					
8 Other Certified and Non-certified	\$22,375.2					
9 Other Compensation: additional day for professional develop	\$4,482.8					
10 Statewide Professional Development	\$2,000.0					
11 Full-day Kindergarten	\$13,100.0	\$1,000.0 *	\$1,000.0 *	\$1,000.0 *	\$998.0 *	(\$2.0)
12 Even Start and Native American Preschool	\$2,000.0					
13 Student Assessment	\$600.0					
14 At-risk Program Units (formula changes)	\$1,200.0					
15 PROGRAM COST	\$1,699,964.8	\$1,730,722.0	\$1,720,722.0	\$1,718,222.0	\$1,714,787.2	(\$3,434.8)
16 Sanding Credit Adjustment					\$119.0	\$119.0
17 TOTAL ADJUSTED PROGRAM COST					\$1,714,906.2	
18 LESS PROJECTED CREDITS	(\$49,483.5)					
19 LESS PROJECTED CREDITS (After Executive Action)	(\$53,483.5)	(\$57,483.5)	(\$57,483.5)	(\$57,483.5)	(\$57,483.5)	
20 LESS OTHER STATE FUNDS	(\$2,000.0)	(\$2,000.0)	(\$2,000.0)	(\$2,000.0)	(\$2,000.0)	
21 STATE EQUALIZATION GUARANTEE	\$1,644,481.3	\$1,671,238.5	\$1,661,238.5	\$1,658,738.5	\$1,655,422.7 **	(\$3,315.8)
22 Dollar Increase Over FY 02 Appropriation		\$26,757.2	\$16,757.2	\$14,257.2	\$10,941.4	
23 Percentage Increase		+1.63%	+1.02%	0.867%	0.665%	
24 CATEGORICAL PUBLIC SCHOOL SUPPORT						
25 TRANSPORTATION		\$96,366.5	\$96,366.5	\$92,366.5	\$92,181.9	
26 Operational	\$76,833.3					
27 School-owned Bus Replacements	\$5,197.5					
28 Rental Fees (Contractor-owned Buses)	\$12,000.0					
29 Compensation	\$2,335.7					
30 TOTAL TRANSPORTATION	\$96,366.5	\$96,366.5	\$96,366.5	\$92,366.5	\$92,181.9	(\$184.6)
31 SUPPLEMENTAL DISTRIBUTIONS						
32 Out-of-State Tuition	\$993.0	\$993.0	\$993.0	\$993.0	\$991.0	(\$2.0)
33 Emergency Supplemental	\$990.6	\$2,900.0	\$2,900.0	\$2,900.0	\$2,894.2	(\$5.8)
34 Emergency Capital Outlay	\$479.0	\$250.0	\$250.0	\$250.0	\$249.5	(\$0.5)
35 INSTRUCTIONAL MATERIAL FUND	\$31,000.0	\$30,000.0	\$30,000.0	\$30,000.0	\$29,940.0	(\$60.0)
36 EDUCATIONAL TECHNOLOGY FUND	\$6,000.0	\$5,000.0	\$5,000.0	\$5,000.0	\$4,990.0	(\$10.0)
37 INCENTIVES FOR SCHOOL IMPROVEMENT	\$1,900.0	\$1,900.0	\$1,900.0	\$1,900.0	\$1,896.2	(\$3.8)
38 Interventions for School Improvement	\$600.0					
39 READING PROFICIENCY FUND	\$1,000.0					
40 TOTAL CATEGORICAL	\$137,729.1	\$137,409.5	\$137,409.5	\$133,409.5	\$133,142.8 **	(\$266.7)
41 TOTAL PUBLIC SCHOOL SUPPORT	\$1,782,210.4	\$1,808,648.0	\$1,798,648.0	\$1,792,148.0	\$1,788,565.5	(\$3,582.5)
42 Dollar Increase Over FY 02 Appropriation		\$26,437.6	\$16,437.6	\$9,937.6	\$6,355.1	
43 Percentage Increase		+1.48%	0.922%	0.558%	0.357%	
44 RELATED APPROPRIATIONS						

TABLE 1 (continued)

44	RELATED APPROPRIATIONS							44
45	STATE DEPARTMENT OF EDUCATION	\$9,325.0	\$9,321.0	\$9,321.0	\$8,821.0	\$8,803.4	(\$17.6)	45
46	Adult Basic Education	\$5,000.0	\$4,800.0	\$4,800.0	\$4,800.0	\$4,790.4	(\$9.6)	46
47	Apprenticeship Assistance	\$650.0	\$650.0	\$650.0	\$650.0	\$648.7	(\$1.3)	47
48	Beginning Teacher Induction/Mentorship	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$998.0	(\$2.0)	48
49	Business and Professional Teachers	\$50.0						49
50	Charter Schools Stimulus Fund	\$1,075.0	\$500.0	\$500.0	\$500.0	\$499.0	(\$1.0)	50
51	Counseling Services/High Need Students	\$1,500.0						51
52	Dropout Prevention Programs	\$750.0						52
53	Early Screening for School Safety	\$300.0						53
54	Improve Student Performance/SQS	\$750.0						54
55	Library Acquisitions in Chaves County	\$40.0						55
56	National Board for Professional Teaching Standards	\$300.0						56
57	Performance-based Budgeting - support for school districts	\$1,100.0	\$600.0	\$600.0	\$600.0	\$598.8	(\$1.2)	57
58	Rapid Response Intervention Program	\$2,755.0						58
59	Re:Learning	\$1,300.0	\$1,000.0	\$1,000.0	\$500.0	\$499.0	(\$1.0)	59
60	Summer School Literacy/Los Amigos Camp	\$2,500.0						60
61	Teacher Recruitment: Middle/High School Students	\$250.0						61
62	Tutoring Programs: Grades 6, 7, and 8	\$1,500.0						62
63	Virtual High School	\$800.0						63
64	Youth Leadership Opportunity Program	\$30.0						64
65	TOTAL RELATED APPROPRIATIONS	\$20,550.0	\$17,871.0	\$17,871.0	\$16,871.0	\$16,837.3 **	(\$33.7)	65
66	GRAND TOTAL	\$1,802,760.4	\$1,826,519.0	\$1,816,519.0	\$1,809,019.0	\$1,805,402.8 **	(\$3,616.2)	66
67	Dollar Increase Over FY 02 Appropriation		\$23,758.6	\$13,758.6	\$6,258.6	\$2,642.4		67
68	Percentage Increase		1.32%	0.763%	0.347%	0.147%		68

* \$3,000.0 additional in TANF funds designated for implementation of full-day kindergarten programs.

** Per agreement with LFC and DFA, amount corresponds to DFA's interpretation of appropriation in General Appropriation Act of 2002, after sanding.

**PUBLIC SCHOOL-RELATED APPROPRIATIONS
GENERAL APPROPRIATION ACT OF 2002**

(Dollars in Thousands)

SB 1

SECTION 4.F.

Human Services Department	
TANF funds to SDE for Teen Pregnancy Education and Prevention (the GRADS program)	\$ 1,300.0
TANF funds to SDE for Early Childhood Development (before/after school programs)	\$ 2,482.5
TANF funds to SDE for Adult Basic Education	\$ 1,000.0
	\$ 4,782.5

SECTION 5

SPECIAL APPROPRIATIONS: for expenditure in FY 02 and FY 03	
Indian Education Act to SDE (contingent upon passage of HB 28 or similar legislation).	
HB 28 & SB 198 VETOED	\$ 250.0

LEGISLATIVE EDUCATION STUDY COMMITTEE
PUBLIC SCHOOL-RELATED LEGISLATION
FORTY-FIFTH LEGISLATURE, FIRST EXTRAORDINARY SESSION, 2002

*After Executive Action
House & Senate Override*

SENATE BILL

- SB 1 GENERAL APPROPRIATION ACT OF 2002, VETO (May 24) – VETO OVERRIDE (PASSED/H PASSED/S), *Altamirano*** — makes general appropriations from the General Fund and authorizes expenditures by agencies, among its provisions, appropriates \$1.8 billion for public school support and education-related appropriations for public school districts in FY 03; public school support appropriations include the State Equalization Guarantee, Public School Transportation, the Instructional Material Fund, the Educational Technology Fund, and the Incentives for School Improvement Fund; related appropriations include funding for Beginning Teacher Induction and Mentorship, the Charter Schools Stimulus Fund, Performance-Based Budgeting, and Re: Learning.