

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill Number: HJM 18**

**50th Legislature, 1st Session, 2011**

**Tracking Number: .184198.1**

**Short Title: LESC Emergency Fund Distribution Work Group**

**Sponsor(s): Representative Dennis J. Roch and Others**

**Analyst: Craig J. Johnson**

**Date: February 10, 2011**

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**FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

**Bill Summary:**

HJM 18 requests that the Legislative Education Study Committee (LESC) create a work group to study the process of funding and distributing emergency supplemental funds for school districts.

HJM 18 identifies the membership of the work group as follows:

- two House members and two Senate members from the LESG;
- a superintendent from a district that frequently receives emergency supplemental funds;
- a superintendent from a district that occasionally receives emergency supplemental funds;
- a superintendent from a district that typically does not receive emergency supplemental funds;
- a school business manager from a small district;
- a school business manager from a medium sized district;
- a school business manager from a large district; and
- a staff member from the Public Education Department's (PED) School Budget and Finance Analysis Bureau.

The purpose of the work group is to study the process of funding, awarding, and distributing emergency supplemental funds and report to the LESG by November 2011. The study will review:

- the criteria used to qualify for funds;
- the minimum information that needs to be included in the application for funds;
- whether and under what circumstances charter schools should receive funds;
- the financial status of districts receiving funds and the status of those districts' financial audits;
- any cost-saving measures districts have implemented before receiving funds;
- how funds assist districts dealing with economies of scale issues;
- the extent to which emergency supplemental funds should be restricted to certain uses;
- whether requiring local school boards to approve applications for funds would improve the process;
- the extent to which cash balances should be limited for recipients of funds;

- whether there should be different qualifying criteria for emergency funds, as opposed to supplemental funds; and
- whether approval by the State Board of Finance should be required.

The final report issued by the work group will recommend any changes needed to laws or rules to improve the process and to ensure that the process is transparent and well-supported with a documented demonstration of need.

**Fiscal Impact:**

HJM 18 does not contain an appropriation.

**Substantive Issues:**

Emergency supplemental funds are provided to help school districts address unforeseen financial challenges. From FY 01 (actuals) through FY 11 (budgeted), the Legislature has appropriated and PED has distributed nearly \$62.0 million in emergency supplemental funds to school districts and charter schools (see the Attachment).

HJM 18 addresses several issues with these funds that have come to the attention of the LESC:

- The financial status and budgeting practices of districts receiving emergency supplemental funding have varied.
- Some districts require additional funds to address true emergencies, while other districts use additional funds to sustain existing services.
- The rationale and criteria used by PED to award the funds have sometimes been unclear or inconsistent.

PED's analysis of HJM 18 indicates that the department "will be working internally to improve transparency, efficiency, effectiveness and accountability in the funding and distribution of emergency supplemental funds."

**Background:**

According to the PED analysis, every year approximately 24 districts apply for emergency supplemental funding. Most of them are small, rural districts; and some of them have applied for and received emergency supplemental funds each year for the past 10 years.

**Related Bills:**

*HB 375 Approval Before PED Emergency Supp. Distr.*

Attachment to LESC analysis of HJM 18

EMERGENCY SUPPLEMENTAL AND OUT-OF-STATE TUITION DISTRIBUTIONS  
ACTUAL 2000-2001 THROUGH 2009-2010 AND BUDGETED 2010-2011

EMERGENCY SUPPLEMENTAL

|                                                           | Actual<br>2000-2001 | Actual<br>2001-2002 | Actual<br>2002-2003 | Actual<br>2003-2004 | Actual<br>2004-2005 | Actual<br>2005-2006 | Actual<br>2006-2007 | Actual<br>2007-2008 | Actual<br>2008-2009 | Actual<br>2009-2010 | Budgeted<br>2010-2011 | TOTAL<br>2000 - 2011 |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|
| SCHOOL DISTRICTS                                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       |                      |
| Alamogordo                                                |                     |                     |                     | \$102,857           |                     |                     |                     |                     |                     |                     |                       | \$102,857            |
| Carrizozo                                                 |                     |                     |                     |                     |                     |                     | \$75,000            |                     |                     |                     |                       | \$75,000             |
| Chama                                                     |                     |                     |                     |                     |                     |                     |                     | \$195,057           |                     | \$580,000           | \$695,000             | \$1,470,057          |
| Cimarron                                                  |                     |                     |                     |                     | \$26,000            |                     |                     |                     |                     | \$220,000           | \$120,000             | \$406,000            |
| Cloudcroft                                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$75,000             |
| Cobre                                                     |                     |                     |                     |                     |                     | \$300,000           |                     |                     |                     |                     |                       | \$300,000            |
| Corona                                                    | \$220,771           | \$200,000           | \$235,000           | \$220,000           | \$250,000           | \$251,717           | \$345,000           | \$518,300           | \$575,000           | \$610,000           | \$650,000             | \$4,075,788          |
| Des Moines                                                |                     |                     | \$350,000           |                     | \$30,149            |                     |                     | \$237,000           | \$371,000           | \$400,000           | \$450,000             | \$1,838,149          |
| Dexter                                                    | \$72,000            |                     |                     |                     |                     |                     |                     |                     |                     | \$270,000           |                       | \$342,000            |
| Dora                                                      |                     | \$95,000            |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$95,000             |
| Elida                                                     |                     |                     |                     | \$205,000           | \$0                 |                     | \$90,000            | \$100,000           | \$243,000           | \$280,000           | \$235,000             | \$1,153,000          |
| Ft. Sumner                                                |                     | \$200,000           | \$120,000           | \$42,000            | \$170,000           | \$200,000           | \$265,000           | \$285,000           | \$215,000           | \$320,000           | \$250,000             | \$2,067,000          |
| Gadsden                                                   |                     |                     |                     |                     | \$50,000            |                     |                     |                     | \$485,916           | \$3,000,000         | \$1,500,000           | \$5,035,916          |
| Gallup                                                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     | \$800,000             | \$800,000            |
| Grady                                                     | \$95,000            | \$187,001           | \$50,000            | \$100,000           | \$15,000            |                     | \$295,000           | \$264,300           | \$275,000           | \$285,000           | \$415,000             | \$1,921,301          |
| Hatch                                                     |                     | \$400,000           | \$486,736           | \$516,000           | \$503,860           | \$588,985           | \$73,839            | \$564,000           | \$200,000           | \$270,000           | \$250,000             | \$3,73,839           |
| Hondo                                                     | \$234,013           |                     |                     | \$516,000           |                     |                     | \$748,664           | \$125,422           | \$284,000           | \$250,000           | \$500,000             | \$4,667,258          |
| House                                                     |                     |                     |                     |                     |                     |                     | \$250,000           |                     | \$835,000           | \$1,300,000         |                       | \$1,159,422          |
| Jemez Mtn. 1                                              | \$70,000            |                     |                     | \$58,945            | \$38,476            |                     | \$518,000           | \$645,000           | \$680,000           | \$860,000           | \$860,000             | \$2,552,421          |
| Lake Arthur                                               |                     |                     |                     |                     |                     |                     | \$73,000            | \$120,000           | \$120,000           | \$200,000           | \$150,000             | \$3,847,042          |
| Logan                                                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$20,000             |
| Lovington                                                 |                     |                     |                     | \$20,000            |                     |                     | \$500,000           | \$413,000           | \$525,000           | \$530,000           | \$460,000             | \$4,146,686          |
| Magdalena                                                 |                     | \$100,000           |                     | \$475,000           | \$523,686           | \$620,000           |                     |                     |                     | \$210,000           |                       | \$210,000            |
| Maxwell                                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$400,000            |
| Mesa Vista                                                |                     |                     |                     |                     |                     |                     | \$400,000           |                     |                     |                     |                       | \$400,000            |
| Moriarty                                                  |                     | \$165,000           | \$115,000           | \$176,257           | \$259,954           | \$308,433           | \$493,000           | \$450,000           | \$485,000           | \$550,000           | \$550,000             | \$3,702,644          |
| Mosquero                                                  | \$150,000           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$200,000            |
| Mountainair                                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$150,000            |
| Penasco                                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$150,000            |
| Quemado                                                   |                     |                     |                     | \$50,000            | \$70,000            |                     | \$170,000           | \$40,000            | \$0                 | \$100,000           | \$150,000             | \$530,000            |
| Questa                                                    |                     |                     |                     |                     | \$100,000           | \$105,000           | \$96,486            | \$110,000           | \$115,000           | \$100,000           | \$130,000             | \$601,486            |
| Reserve                                                   |                     |                     | \$75,000            |                     |                     |                     | \$145,000           | \$60,000            | \$0                 | \$100,000           | \$235,000             | \$820,000            |
| Rio Rancho                                                |                     |                     |                     |                     |                     |                     |                     | \$1,900,000         |                     | \$700,000           |                       | \$2,600,000          |
| Roy                                                       |                     |                     |                     | \$30,000            | \$95,000            | \$400,000           | \$500,000           | \$305,000           | \$355,000           | \$700,000           | \$700,000             | \$3,085,000          |
| San Jon                                                   |                     |                     |                     |                     |                     |                     | \$20,000            |                     |                     |                     |                       | \$20,000             |
| Santa Fe                                                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$0                  |
| Silver City                                               |                     |                     |                     |                     |                     |                     |                     | \$150,000           |                     |                     | \$110,000             | \$110,000            |
| Socorro                                                   |                     |                     |                     |                     | \$40,000            | \$200,000           | \$340,000           | \$288,000           | \$221,000           | \$370,000           | \$275,000             | \$1,805,957          |
| Springer                                                  | \$71,957            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$350,000            |
| Taos                                                      |                     |                     |                     |                     |                     |                     |                     | \$370,000           | \$436,000           | \$585,000           | \$430,000             | \$3,030,668          |
| Vaughn                                                    |                     | \$224,747           | \$209,040           | \$180,000           | \$175,000           | \$220,881           | \$200,000           | \$425,000           | \$560,000           | \$680,000           | \$680,000             | \$2,735,000          |
| Wagon Mound                                               |                     |                     |                     |                     | \$665,000           | \$430,000           | \$575,000           | \$607,056           | \$250,000           | \$445,000           |                       | \$2,735,000          |
| West Las Vegas                                            |                     |                     |                     |                     |                     |                     | \$450,000           |                     |                     |                     |                       | \$1,752,056          |
| <b>Subtotal Emergency Supplemental - School Districts</b> | <b>\$853,741</b>    | <b>\$1,571,748</b>  | <b>\$1,640,776</b>  | <b>\$2,321,059</b>  | <b>\$2,412,125</b>  | <b>\$3,609,058</b>  | <b>\$6,922,989</b>  | <b>\$8,172,135</b>  | <b>\$7,280,916</b>  | <b>\$13,925,000</b> | <b>\$11,660,000</b>   | <b>\$60,369,547</b>  |

**EMERGENCY SUPPLEMENTAL AND OUT-OF-STATE TUITION DISTRIBUTIONS**  
 ACTUAL 2000-2001 THROUGH 2009-2010 AND BUDGETED 2010-2011

**EMERGENCY SUPPLEMENTAL**

|                                                      | Actual<br>2000-2001 | Actual<br>2001-2002 | Actual<br>2002-2003 | Actual<br>2003-2004 | Actual<br>2004-2005 | Actual<br>2005-2006 | Actual<br>2006-2007 | Actual<br>2007-2008 | Actual<br>2008-2009 | Actual<br>2009-2010 | Budgeted<br>2010-2011 | TOTAL<br>2000 - 2011 |
|------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|
| <b>CHARTER SCHOOLS</b>                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       |                      |
| Lacy Simms (Alamogordo)                              |                     |                     |                     |                     |                     | \$105,000           |                     |                     |                     |                     |                       | \$105,000            |
| Horizon South (APS)                                  |                     |                     | \$91,000            |                     |                     | \$70,000            |                     |                     |                     |                     |                       | \$70,000             |
| PAPA (APS)                                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$91,000             |
| Paseo Del Monte (APS)                                |                     |                     |                     | \$70,000            |                     |                     |                     |                     |                     |                     |                       | \$70,000             |
| Jefferson Montessori (Carlsbad)                      |                     |                     |                     | \$65,000            |                     |                     |                     |                     |                     |                     |                       | \$65,000             |
| Amistad (Clayton)                                    |                     |                     |                     | \$100,000           | \$66,515            | \$52,200            |                     |                     |                     |                     |                       | \$218,715            |
| Waiatowa (Jemez Springs)                             |                     |                     |                     | \$80,000            |                     |                     | \$92,348            | \$195,000           |                     |                     |                       | \$80,000             |
| San Diego Riverside (Jemez Sp)                       |                     |                     |                     |                     | \$79,000            |                     |                     |                     |                     |                     |                       | \$366,348            |
| Bridge ACAD (Las Vegas City)                         |                     |                     |                     |                     | \$48,482            |                     |                     |                     |                     |                     |                       | \$48,482             |
| Rio Gallina (Las Vegas West)                         |                     |                     |                     |                     | \$90,000            |                     |                     |                     |                     |                     |                       | \$90,000             |
| Red River (Questa)                                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       | \$50,000             |
| Roots & Wings (Questa)                               |                     |                     |                     | \$19,850            | \$30,000            | \$45,350            | \$18,250            |                     |                     |                     |                       | \$113,450            |
| Monte Del Sol (Santa Fe)                             |                     |                     |                     | \$82,000            | \$0                 |                     |                     |                     |                     |                     |                       | \$82,000             |
| Taos Charter (Taos)                                  |                     |                     |                     | \$15,408            |                     |                     |                     |                     |                     |                     |                       | \$15,408             |
| Anansi Charter (Taos)                                |                     |                     |                     | \$18,000            |                     |                     | \$24,358            |                     |                     |                     |                       | \$42,358             |
| Subtotal Emergency Supplemental -<br>Charter Schools | \$0                 | \$0                 | \$91,000            | \$450,258           | \$313,997           | \$322,550           | \$134,956           | \$195,000           |                     |                     |                       | \$1,507,761          |
| <b>TOTAL EMERGENCY</b>                               | <b>\$853,741</b>    | <b>\$1,571,748</b>  | <b>\$1,731,776</b>  | <b>\$2,771,317</b>  | <b>\$2,726,122</b>  | <b>\$3,931,608</b>  | <b>\$7,057,945</b>  | <b>\$8,367,135</b>  | <b>\$7,280,916</b>  | <b>\$13,925,000</b> | <b>\$11,660,000</b>   | <b>\$61,877,308</b>  |

**OUT-OF-STATE TUITION**

|                                   | Actual<br>2000-2001 | Actual<br>2001-2002 | Actual<br>2002-2003 | Actual<br>2003-2004 | Actual<br>2004-2005 | Actual<br>2005-2006 | Actual<br>2006-2007 | Actual<br>2007-2008 | Actual<br>2008-2009 | Actual<br>2009-2010 | Budgeted<br>2010-2011 | TOTAL<br>2000-2011  |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| <b>SCHOOL DISTRICTS</b>           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                       |                     |
| Alamogordo                        | \$141,961           | \$68,448            | \$68,722            | \$39,359            | \$50,929            | \$15,830            | \$12,675            | \$8,367             | \$4,068             | \$6,656             | \$15,000              | \$412,015           |
| Lordsburg                         | \$366,867           | \$422,405           | \$300,202           | \$338,109           | \$337,949           | \$298,221           | \$296,879           | \$294,498           | \$310,716           | \$339,294           | \$329,118             | \$3,634,257         |
| <b>TOTAL OUT-OF-STATE TUITION</b> | <b>\$508,828</b>    | <b>\$490,852</b>    | <b>\$368,924</b>    | <b>\$377,468</b>    | <b>\$368,878</b>    | <b>\$314,051</b>    | <b>\$309,554</b>    | <b>\$302,865</b>    | <b>\$314,784</b>    | <b>\$345,950</b>    | <b>\$344,118</b>      | <b>\$4,046,272</b>  |
| <b>GRAND TOTALS</b>               | <b>\$1,362,569</b>  | <b>\$2,062,600</b>  | <b>\$2,100,700</b>  | <b>\$3,148,785</b>  | <b>\$3,095,000</b>  | <b>\$4,245,659</b>  | <b>\$7,367,499</b>  | <b>\$8,670,000</b>  | <b>\$7,595,700</b>  | <b>\$14,270,950</b> | <b>\$12,004,118</b>   | <b>\$65,923,580</b> |

<sup>1</sup> In 2008-2009, the amount for Jemez Mountain of \$835,000 includes \$550,000 from the FY09 Appropriation and \$285,000 from the FY10 Appropriation.