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FISCAL IMPACT REPORT

ORIGINAL DATE 03/01/13

SPONSOR Lopez/Varela LAST UPDATED _____ HB _____

SHORT TITLE Public School Physical Education & Funding SB 433

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$42,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$42,000.0				School District and Charter School Operating Budgets

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Health (DOH)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Bill 433 amends the Public School Finance Act and other sections of the Public School Code related to elementary physical education. The bill expands elementary physical education program units to physical education program for all kindergarten through eighth grade students. The bill requires physical education to be provided to kindergarten students. The bill has an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$42 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY14 shall not revert to the general fund.

This bill creates a new physical education fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

Currently the state equalization guarantee distribution includes approximately \$16 million for elementary physical education programs. This represents 50 percent of the amount needed to fully fund elementary physical education programs. The bill expands eligibility to generate program units to sixth, seventh, and eighth grades.

For FY13, 65,129 students generated elementary physical education program units. If the bill is enacted, 232,900 students would be eligible to generate physical education program units, or 167,771 additional students. If all of these students are receiving physical education and therefore are eligible to generate physical education program units, an additional 10,066 new program units will be generated. At the current unit value of \$3643.54, an additional \$36.7 million appropriation to the state equalization guarantee would be needed to keep the unit value flat annually.

The bill makes an appropriation to a new “physical education fund” in order to cover the costs of implementation. The appropriation amount appears to be sufficient to cover the costs of implementation; however, because the appropriation is made to a new fund rather than to the state equalization guarantee and language in the bill eliminates the department’s ability to approve physical education programs for funding it is likely that the unit value will be decreased.

An increase in program units generated by school districts or charter schools that is not accompanied by an increased appropriation has the effect of diluting the unit value, impacting school districts and charter schools statewide. Unit value dilution in FY14 will have a negative effect on the state meeting the maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act (IDEA-B) in FY14. Given the funding recommendations included in HB2, if this bill is enacted the unit value will likely decrease in FY14. This will result in a larger gap between FY09 funding made available for special education and FY14 funding made available for special education, potentially resulting in the loss of federal IDEA-B funding.

SIGNIFICANT ISSUES

The PED analysis notes multiple health benefits are seen when children and adolescents participate in at least sixty minutes of physical activity each day, including building healthy bones and muscles, improved muscular strength and endurance, reduced risk for developing chronic risk factors, improved self esteem, and reduced stress and anxiety. Additionally, the Department of Health notes being overweight or obese (both influenced by physical inactivity and poor diet) can increase one’s risk for diabetes, high blood pressure, high cholesterol, asthma, arthritis and poor health status. Physical inactivity increases one’s risk for dying prematurely,

dying of heart disease, and developing diabetes, colon cancer, and high blood pressure.

The Department of Health indicates Native American youth in New Mexico continue to have the highest rates of obesity, over twice the rate of Caucasian adolescents. (NM Department of Health, Racial and Ethnic Disparities Report Card, 7th Edition, 2012).

Results from the 2011 New Mexico Youth Risk and Resiliency Survey (NMYRRS) show that 25.6 percent of middle school students statewide describe themselves as overweight but 44.9 percent were trying to lose weight; 49.8 percent were physically active five or more days of the past week, 31.7 percent were physically active every day of the past week, and 17.4 percent were physically active on no days of the past week; and 57.9 percent attended a physical education class at school one day per week, while 30.4 percent attend daily physical education class at school.

The PED indicates the department has specific physical education standards in place for all grade levels, with specific content benchmarks to guide the selection of curriculum and classroom instruction. The standards include the following seven content areas, (1) students will demonstrate competency in many movement forms and proficiency in a few movement forms; (2) students will apply movement concepts and principles to the learning and development of motor skills; (3) students will exhibit knowledge and ability to participate in a physically active lifestyle; (4) students will achieve and maintain a health-enhancing level of physical fitness; (5) students will demonstrate responsible personal and social behavior in physical activity settings; (6) students will demonstrate understanding and respect for differences among people in physical activity settings; and (7) students will understand that physical activity provides opportunities for enjoyment, challenge, self expression and social interaction.

PERFORMANCE IMPLICATIONS

SB433 supports the PED's strategic lever ensuring students are healthy and ready for success.

ADMINISTRATIVE IMPLICATIONS

The PED would need to create a long-term process to distribute these funds and provide compliance and oversight of funds spent. The department indicates this can be done with existing resources.

OTHER SUBSTANTIVE ISSUES

The PED indicates approximately 200 elementary schools are funded for elementary physical education. To be eligible to receive funds, schools have been required to:

- Have an elementary physical education curriculum aligned to NM physical education content standards with benchmarks and performance standards.
- The program must be taught by a PED licensed elementary PE teacher.
- The program must provide PE for 3 days a week for 30 minutes per day to all students.
 1. The program must have space available to provide the program.
 2. The program must include an evaluation plan.

ALTERNATIVES

Make the appropriation to the state equalization guarantee in FY14, or over a multiple year period to ensure the unit value is not diluted.

RSG/blm