

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HM 100

51st Legislature, 2nd Session, 2014

Tracking Number: .195593.2

Short Title: Funding Formula Task Force

Sponsor(s): Representative Sandra Jeff

Analyst: Mark Murphy

Date: February 18, 2014

Bill Summary:

HM 100 requests that the Legislative Council, in collaboration with the Public Education Department (PED), the Legislative Education Study Committee (LESC), and the Legislative Finance Committee (LFC), appoint a task force to undertake a review of the 2008 American Institutes for Research (AIR) study on the New Mexico Public School Funding Formula and other relevant studies and reviews.

Among its provisions, HM 100 specifies that:

- the task force comprise the following members:
 - three members from the House of Representatives;
 - three members from the Senate;
 - three school superintendents appointed by the New Mexico Coalition of Educational Leaders;
 - the President of the New Mexico School Boards Association (or their designee); and
 - one member of a statewide teacher organization appointed by the Legislative Council;
- vacancies on the task force be filled by appointment by the original appointing authority;
- staff for the task force be provided by the Legislative Council Service (LCS), PED, the LESL, and the LFC;
- recommendations be made to the first session of the Fifty-second Legislature to:
 - simplify the state's operational funding formula; and
 - to direct increased funding to areas that have been proven effective in improving student achievement; and
- copies of this memorial be transmitted to the respective directors of the LESL, the LFC, and the LCS, and to the Secretary of Public Education.

Fiscal Impact:

Legislative memorials do not carry appropriations.

Substantive Issues:

In 1995-1996 and 2005-2008, the public school funding formula was the subject of substantial reviews supported by significant funding. In FY 96, the Legislature included a \$175,000 appropriation in the *Education Appropriation Act of 1996* for a “Public School Funding Formula Study.” That appropriation was line-item vetoed by the Governor, but funds were later provided by various other stakeholder groups to pay for the task force. Then, in FY 07, a \$500,000 appropriation was provided to LCS for the “Public School Funding Formula Study,” see “Background,” below.

Given that legislative memorials do not contain appropriations, the sponsor of HM 100 may wish to consider seeking to include an appropriation for a Funding Formula Task Force in the state budget for FY 15.

Background:

New Mexico’s State Equalization Guarantee

Enacted by the Legislature in 1974, the state equalization guarantee (SEG) distribution (also known as the public school funding formula) is based on a model developed by the National Education Finance Project in the late 1960s and early 1970s. The system supports the Legislature’s policy that all students are entitled to an equal educational opportunity despite differences in local school district wealth. The formula is student-driven and recognizes different costs for various educational programs.

Designed to distribute operational funds to school districts and state-chartered charter schools in a noncategorical manner, the SEG distribution provides for local school district and charter school autonomy. Because SEG distributions received by local school districts and state-chartered charter schools are not earmarked for specific programs, these entities may spend their distributions according to local priorities.

In making the SEG distribution, the funding formula is designed to ensure that overall operating revenue in school districts and state-chartered charter schools equals at least the program cost of the school district or state-chartered charter school, as determined by the funding formula.

Most Recent Funding Formula Task Force

In 2005, the Legislature created the Funding Formula Task Force to address several issues, including the adequacy of current educational programs to address the needs of all students, the alignment of the Instructional Staff Training and Experience (T&E) Index with the three-tiered licensure system for teachers, and fiscal difficulties faced by school districts with a membership of 200 or less. However, the appropriation to fund the study was vetoed by the Governor at that time. In 2006, the Legislature extended the term of the task force through December 2007 and appropriated dollars for an independent study of the funding formula. An independent contractor, AIR, was selected to conduct a comprehensive examination of the Public School Funding Formula. Based on the tasks identified in the request for proposals and other discussions, the contractor provided several recommendations and an estimate of the cost of implementing those recommendations to the task force. On January 7, 2008 the task force adopted a discussion draft of a bill that incorporated those recommendations, and the LESC

endorsed the task force recommendations on January 14, 2008. This legislation, however, did not pass in either the 2008 or 2009 legislative sessions.

Committee Referrals:

HEC/HJC

Related Bills:

HB 13a *School Equalization Guarantee “Local Revenue”*

HB 19a *Update School Finance At-Risk Index*

HB 35a *Additional Funding Units For Some Schools*

HB 37 *Equalization Distribution to Certain Schools*

HB 345 *School Finance “Local Revenue”*

HJM 21 *Indian Education Subcommittee*

SB 54 *Public School Funding Adequacy*

SB 153 *Home School Program Unit Calculations*

SB 178 *School Equalization Guarantee for P.E.*

SB 199 *Vocational Differential in Funding Formula*

SB 310a *School District “Local Revenue”*