

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 37

52nd Legislature, 2nd Session, 2016

Tracking Number: .202744.1

Short Title: Public School Funding Adequacy

Sponsor(s): Senator William P. Soules

Analyst: David Craig

Date: January 26, 2016

Bill Summary:

SB 37 appropriates \$362,000,000 to the Public Education Department (PED) for the purpose of addressing the adequacy of public school funding to distribute through the state equalization guarantee (SEG) for FY17 based on the funding increase recommended in the 2008 American Institutes for Research (AIR) study of the New Mexico Public School Funding Formula as adjusted for inflation.

Fiscal Impact:

SB 37 appropriates \$362,000,000 from the General Fund to PED for distribution through the SEG for expenditure in FY17. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the General Fund.

The 2008 AIR study found that state support for public schools should increase by 14.5 percent, or approximately \$334.7 million in 2008 dollars to achieve sufficiency. According to the Bureau of Labor Statistics (BLS) Inflation Calculator, \$334,700,000 in 2008 dollars is the equivalent of \$368,480,000 in 2015 dollars.

Substantive Issues:

In 2008, a Funding Formula Study Task Force (“the task force”) was appointed by the Legislature and the governor and under the direction of the Legislative Council Service (LCS). The task force commissioned, and set parameters of, a study of the public school funding formula by AIR. Lasting 16 months, the study focused on three work steps:

- a public engagement process to clarify the goals of public education and define the concept of sufficiency;
- a component to determine the cost of a sufficient education; and
- the development of a new school funding formula.

AIR used a professional judgment panel approach as the methodology for the study. With input from stakeholders, including legislators, AIR selected six independent professional judgment panels (PJPs) representative of the state. Each PJP consisted of a superintendent, three principals, a special education director, an English learner specialist, a school business officer, and two teachers. The PJPs met for three days to design an instructional program they felt was

necessary to achieve sufficiency given specific goals. The PJPs created program designs, resource specifications, and corresponding preliminary cost estimates.

A Project Advisory Panel (PAP), including both superintendents and teachers, worked on revising designs and specifications to combine information from the six PJPs. The deliberations resulted in a series of program designs and resource specifications for a series of school prototypes, and the costing out these school prototypes and other administrative costs were used to project costs for actual schools within the state. The cost estimates reflected the per pupil dollar value of personnel and non-personnel resources deemed necessary by the PAPS for elementary, middle, and high schools to achieve sufficiency. Panelists were instructed to ignore specific revenue streams, to enable a measurement of sufficient program cost and the corresponding state share, or the SEG.

A major goal of the AIR study was to develop a simple, transparent, and equitable formula to determine sufficient level of funding for each school district (or charter school), which includes factors that are difficult to manipulate. Previous testimony to the LESC by members of the stakeholder and PAP indicated the recommendation of the additional amounts projected for sufficiency was tied to implementation of the study's recommendations for a new funding formula. The AIR study proposed a funding formula that:

- avoided complexity by focusing directly on factors associated with pupil need;
- promoted funding equity across school districts;
- made use of factors beyond a district's control and minimized funding that is not directly linked to student needs; and
- accounted for most of the adjustments in the current funding formula.

The AIR study made numerous recommendations of changes to the funding formula, including replacing the training and experience index with an Index of Staff Qualifications structured to reflect the three-tiered licensure system and require school districts to align their spending plans with the priorities laid out in their Educational Plan for Student Success.

It is also important to note that the AIR study found that increased investment in public education will not guarantee improved student outcomes. The study indicated student success depends on multiple factors including investments in mental and physical health, nutrition, and family stability, and depends on a variety of social service institutions in addition to schools.

Technical Issues:

SB 37 makes an appropriation to PED to distribute through the SEG. The sponsor may wish to appropriate the funds directly to SEG, as it is generally a separate appropriation in the *General Appropriation Act*.

Related Bills:

SB 141 *Public School Funding Formula Amendments*