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F I S C A L I M P A C T R E P O R T

SPONSOR:	Miera	DATE TYPED:	01/21/00	HB	29
SHORT TITLE:	Performance-Based Budgeting			SB	
			ANALYST:	Fernandez	

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	$ 1,538.0			Recurring	G/F

(Parenthesis ( ) Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB171, Relates to HB2 and HB3

SOURCES OF INFORMATION

LFC Files

State Department of Education (SDE) did not provide a response

SUMMARY

Synopsis of Bill

House Bill 29 appropriates $1.5 million from the general fund to SDE for computers and training for selected school districts to establish a system of performance-based budgeting that links district financial data to student performance and achievement data. FY01 will be the first of a three-year phase-in.

Significant Issues

In October 1998, the Statewide Accounting Task Force, Public Schools Subgroup was formed to continue and expand upon strategic planning efforts and help formulate a statewide accounting strategic plan. During the 1999 interim, the subgroup worked on developing a performance-based program budgeting model for public schools. Consensus was reached that performance-based budgeting should be implemented at the school level to correspond to current accountability legislation and statewide performance measures be developed that include the five indicators defined in statute. The five indicators defined in Section 22-1-6 NMSA 1978 are: student achievement; school safety; drop-out rate; attendance; and parent and community involvement. School districts are also required to publish an annual school district accountability report and provide district-wide data on the indicators for the previous school year. It should also be noted that as school districts develop their Education Plan for Student Success (EPSS), they are required to identify targets and performance measures at the local level and are well poised to move to performance-based budgeting in FY02.

The subgroup has made significant progress in developing a performance-based program budgeting model for public schools that identifies inputs (resources), outputs (programs and services), measures and outcomes (results); however, much more work must be done to identify and set specific statewide targets for FY02.

The subgroup is also working toward linking school district financial data to performance. In October 1999, the Bloomfield Municipal Schools implemented a performance-based program budgeting financial analysis model that allows the district to track student and instructional performance to resources. The district is still in the process of analyzing initial reports, but this new model will help staff to make decisions on improving student, instructional and financial performance.

FISCAL IMPLICATIONS

This bill appropriates $1,538.0 from the general fund to SDE for expenditure in fiscal year 2001 for the first of a three-year phase-in of a performance-based budgeting and reporting system. SDE is required to distribute the funds to at least one-third of school districts to implement performance-based budgeting by July 1, 2001. Included in phase-one are charter schools and schools identified by the State Board of Education as schools in need of improvement.

Any unexpended or unencumbered balance remaining at the end of fiscal year 2001 shall revert to the general fund.

DUPLICATION

This bill duplicates Senate Bill 171.

Included in HB3 and HB2 are the recommendations of the Legislative Finance Committee. Under Other Education, the committee recommends $450.0 for a computer software and training system that links school district financial data to performance. This system will help school districts make decisions on improving student, instructional and financial performance.

TECHNICAL ISSUES

Since this bill does not contain an emergency clause, it may be financially difficult for districts to implement performance-based budgeting prior to the funds being available.

Consideration may be given to have the funds revert at the end of fiscal year 2003 rather than fiscal year 2001 since this is the first year of a three-year phase in period.

CTF/njw