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FISCAL IMPACT REPORT

SPONSOR Stewart **DATE TYPED** 2/12/04 **HB** 345/aHEC

SHORT TITLE Instructional Materials Calculations **SB** _____

ANALYST Baca

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|---------------|-----------------------------|------|----------------------|---------------|
| FY04 | FY05 | FY04 | FY05 | | |
| | See Narrative | | | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Conflicts: See Narrative

Responses Received From

New Mexico Public Education Department (PED)

SUMMARY

FOR THE LEGISLATIVE EDUCATION STUDY COMMITTEE

Synopsis of HEC Amendments

The House Education Committee amendments declare an emergency and:

- require that the PED ensure that all materials on the adopted instructional materials list meet PED standards and benchmarks,
- require that school districts and state institutions expend no less, and may spend more, than 50% on items from the adopted instructional materials,
- allow a school district to retain 75% of any unencumbered funds remaining at the end of the fiscal year for expenditure in a subsequent fiscal year, and
- require the PED use the remaining 25% as a credit in determining the allocation for instructional materials for the following school year.

Synopsis of Original Bill

House Bill 345 amends the Instructional Material Law §22-15-1 to §22-15-31 to change how instructional materials allocations are calculated, distributed and expended. Distribution of funds for the purchase of Instructional Material would take place on or before April 15 of each school year, and school districts, charter schools and other participating entities could expend up to 100 percent of their allocation on materials not on the state's Adopted Textbook list. The bill also changes all references to the State Department of Education to Public Education Department.

Significant Issues

This bill broadens the definition of instructional material to include textbooks and other educational media that are used as a basis for instruction, including combinations of textbooks, learning kits, supplementary material and electronic media. By doing so, the PED indicates, there is no assurance that the materials purchased will correlate to the adopted benchmarks and standards. Moreover, staff time and the requirement that parents be involved in the selection process will place added pressures and costs on all districts, especially the smaller districts whose staff and expertise are more limited than in the larger districts.

The bill defines "Membership" used for calculating the distribution as the average total enrollment of qualified on the 40, 80 and 120 day of the school year entitled to the free use of instructional materials pursuant to the instructional materials law. The bill also requires that the PED recomputed each entitlement on or before January 15 of each year using prior membership plus the additional number of students, except for adult basic education, and shall allocate the balance of the annual appropriation adjusting for any over or under-estimation made in the first allocation. The bill further stipulates that, for purposes of this allocation, additional students shall be counted as six students.

Every participating entity that has unencumbered balances at the end of the fiscal year shall retain 25 percent, and the PED shall use the remaining 75 percent as a credit in determining the allocation for instructional material for the following year. In addition, every participating entity shall submit an annual report that includes an itemized list of instructional materials purchased, name of vendor, total cost of purchased material, the average per-student cost and the year end cash balance.

FISCAL IMPLICATIONS

This bill does not have an appropriation. However, school districts will incur additional costs in terms of staff time and expenses associated with parental involvement, such as mileage when parents have to travel long distances to get to the instructional materials review sites. School district, especially the smaller ones, could incur higher costs for instructional materials if the size or volume of the purchase causes the sellers to increase the price of the materials and the shipping costs.

ADMINISTRATIVE IMPLICATIONS

In its administration of the "new" provisions of the law, the PED will enforce the provisions of any amendments made to the Instructional Material Law. Technical assistance and training will need to be provided to school districts to ensure that parent and community involvement in the

Instructional Material review process is taking place. Considerable staff time will also need to be devoted to planning and implementing an April 15 disbursement if the initial allocation of Instructional Material funds is approved and revenues are available.

CONFLICT

The PED indicates that HB 345 is in conflict with SB 80 of 2003, which added a new section of the Public School Code, §22-2-2.1. SB 80 added additional State Board of Education duties allowing the board to approve all reasonable requests to waive the purchase of Instructional Material from the State Board-approved multiple list requirement for all public schools that exceed educational standards as determined by the board. HB 345 allows for 100% discretion of the Instructional Material requirement regardless of the school or district's status.

TECHNICAL ISSUES

The PED reports the department will have to request Instructional Material funds in FY04 if it is to make the allocation on or before April 15 of any given year. The appropriation for the purchase of instructional material should provide for this contingency.

OTHER SUBSTANTIVE ISSUES

This bill dramatically changes the method for allocating funds and responsibilities for the selection and purchase of instructional material. Undoubtedly, there will be a "shakeout" period as school districts and the PED adapt to the new law.

LB/yr:dm