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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/30/2007

SPONSOR Beffort LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE School Closure Moratorium SB 169

ANALYST Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$5,500.0		Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to appropriations in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Attorney General's Office (AGO)  
Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 169 appropriates \$5.5 million from the general fund to the public education department for the purpose of providing funding for school districts to which the closure moratorium applies.

The bill requires that a moratorium be placed on the closing of public schools until July 1, 2008, and that schools contemplated for closing prior to the moratorium be reconsidered once the moratorium is lifted in light of actions taken by the Legislature in response to findings and recommendations made by the funding formula study taskforce. The bill further provides for districts having contemplated closing schools prior to the moratorium to apply for funding to continue operating the school and that these funds will be above and beyond funding received from the state equalization guarantee, emergency supplemental funding or other distributions and funding.

Senate Bill 169 declares an emergency.

### **FISCAL IMPLICATIONS**

The appropriation of \$5.5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

The Attorney General Office notes that by providing additional funding to local school districts to continue to operate schools designated for closure, the bill circumvents calculations resulting in the state equalization guarantee distribution for school district operating revenue as set forth in NMSA Section 22-8-25. The additional funding could result in certain school districts receiving more funding than others in order to maintain and operate unnecessary public school facilities, as determined by the local school board.

### **SIGNIFICANT ISSUES**

Testimony throughout the summer regarding funding formula impacts on districts indicates that student enrollment declines are having a devastating impact on medium size districts with a low Training and Experience Index (T&E). Many school districts have worked to cut budgets, staff and other operational expenses and are still falling significantly short in operating budgets.

Further testimony indicated that although the Legislature appropriates sufficient funding to meet school district needs, when it flows through the formula, a number of districts receive less funding than is needed to meet operating expenses while other districts receive more than needed. The funding formula study task force is working on changes to the funding formula and is expected to make recommendations to the Legislature in early fall o7 2008 and will make recommendations to the Legislature in time for the 2008 session.

**PA/sb**