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FISCAL IMPACT REPORT

ORIGINAL DATE 2/24/07

SPONSOR Ryan LAST UPDATED _____ HB _____

SHORT TITLE Albuquerque Public Schools Audit SB SJM59

ANALYST Patel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
N/A	N/A		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Office of the State Auditor

SUMMARY

Synopsis of SJM 59

Senate Joint Memorial 59 is requesting the Legislative Finance Committee, the Office Education Accountability and the State Auditor to audit the Albuquerque Public School district to determine how much of the district's budget goes to administration and if the district is classifying expenditures in the appropriate sub-funds or functions of the new uniform chart of account. SJM59 requires a report of findings and recommendations to the legislative finance committee, the legislative education study committee and the public education department by November 1, 2007.

FISCAL IMPLICATIONS

There is no appropriation included in this memorial.

SIGNIFICANT ISSUES

The Legislative Finance Committee had issued performance review report "Review of Public School Accountability" on October 16, 2003, which identified problems with administrative costs per pupil; costs (expenditure) misclassifications; inadequate chart of accounts, etc.

Recommendations included for PED to adopt and implement the National Center for Education Statistics (NCES) chart of accounts for all school districts. New Mexico legislature has appropriated \$2.5 million (2004, 2005 and 2006) from the general fund to the Public Education Department to implement NCES uniform chart of accounts.

According to Office of the State Auditor” the office of state auditor normally performs annual financial audits and special audits related to fraud. The office of state auditor usually does not conduct performance audits of this nature. These types of audits are usually conducted by the audit staff of the legislative finance committee.”

PERFORMANCE IMPLICATIONS

The Legislative Finance Committee has tentatively approved following issues in 2007 performance audit work plan in education area:

- Developing and retaining teachers, principals and superintendents, including implementation of the three tier system.
- Review of Regional Education Cooperative Centers
- Course alignment for high school graduation to college entrance
- Cost effectiveness and outcomes of the charter schools
- Review of Virtual school concept, including technology in schools
- Research and public services project funding, performance and outcomes for higher education institutions.

ADMINISTRATIVE IMPLICATIONS

According to the office of the state auditor “the audit would place staffing implications upon the legislative finance committee, the office of education accountability and the office of the state auditor to conduct the audit, and the Albuquerque Public Schools to provide the necessary documentation.

Furthermore, the office of state auditor is required to produce a certain amount of billables each year. As a result, the office of state auditor bills agencies for work performed during an audit. It would have to be determined to what extent the work performed on the Albuquerque Public School District would be billed as the audit function would be shared amongst three agencies. It would also have to be clarified that the joint memorial is requesting a performance audit versus a financial audit.”

MP/mt