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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/08
 SPONSOR Arnold-Jones LAST UPDATED 02/06/08 HB 633
 SHORT TITLE Expert Volunteers For School Tax Credit SB _____
 ANALYST Williams

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
\$240.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
		\$1,364.0	Recurring	General Fund (Three Year Impact: \$3.7 million revenue loss)

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
\$3.9	\$3.9	\$3.9	\$11.7	Recurring	General Fund - PED
\$30.0	\$30.0	\$30.0	\$90.0	Recurring	General Fund - TRD

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Higher Education Department (HED)

No Response Received

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 633 creates the New Mexico 2012 Project. The bill appropriates \$240,000 from the General Fund to the Board of Regents at New Mexico State University (NMSU) and authorizes a state personal income tax credit. The cost of this credit is not available from TRD.

The project is created at New Mexico State University. The project is envisioned as “a web-based, short-term collaboration between public schools and subject-matter experts ... who volunteer to teach mathematics and science subjects in the public schools or mentor public school teachers in those subjects.” The purpose of the program is to use the expertise of subject-matter experts to improve the knowledge, competence and confidence of public school students and teachers in mathematics and science.

Qualifications for volunteers are specified in the bill as mathematicians, scientists or engineers with education and experience in the subject area. These volunteers must receive approved pedagogical training. Volunteers must be validated by NMSU, and their classroom presence must be approved by a school principal. Teachers are charged with the responsibility of ensuring lectures and other materials meet content standards specified by PED.

The school principal must validate and submit documented volunteer hours. Completed ten hour volunteer time blocks would then be certified by NMSU to claim a tax credit against personal income tax liability. The credit is available at \$100 for each full ten-hour time block of volunteer service in taxable years 2008 to 2012, but capped at a maximum of \$500.

Of the appropriated amounts, \$100,000 would reimburse travel and per diem expenses of project volunteers, \$80,000 would provide awards to recognize participating public schools and \$60,000 to the New Mexico 2012 project for technical and administrative support. Administration of volunteer travel and per diem is to be determined by NMSU.

NMSU shall monitor and evaluate program efficacy and annually report to the Mathematics and Science Advisory Council.

FISCAL IMPLICATIONS

The appropriation of \$240,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the General Fund. Of the appropriated amounts, \$100,000 would reimburse travel and per diem expenses of project volunteers, \$80,000 would provide awards to recognize participating public schools and \$60,000 to the New Mexico 2012 project for technical and administrative support. Administrative funding includes web site support and maintenance of a web-based project volunteer reporting system.

This bill would also reduce General Fund revenue due to the authorization of a tax credit. Based on a preliminary TRD fiscal impact report, it is estimated that the tax credit would reduce General Fund revenues by \$1.4 million in FY10, with a three year cost of \$3.7 million. National data for 1990 reported there were 473,467 volunteers providing instructional support in schools across the United States. Assuming half of these volunteers were experts in the fields specified

in this bill and applying a ratio for New Mexico population, the number of potential volunteers is estimated at 1,500 in 1990. Finally, TRD updates for population growth and assumes each volunteer utilizes the maximum amount of the credit.

Finally, there are additional costs of the bill as shown in the table. PED notes the Math and Science Bureau would work with the Math and Science Advisory Council to plan for and provide the required pedagogical training for volunteers. Time required would represent five percent of one Ed Admin A position at \$25.50 per hour plus benefits and 20 hours for one Exec Sec and Adm Asst A at \$16.89 plus benefits. The total administrative cost for PED would be \$3.9 thousand annually. According to a draft fiscal impact report from TRD, one additional FTE is needed at a cost of \$30,000 to develop audit procedures.

SIGNIFICANT ISSUES

PED notes New Mexico has the third highest per-capita ratio of engineers in the United States, while public school student performance in math and science that is generally below a satisfactory level.

PED discusses several other similar projects, past and present, in New Mexico to bring content-area experts to the classroom as a resource. According to a 1995 evaluation by Sandia National Laboratories, “evaluation findings show positive impact of the program... on teachers’ instruction in science, and to a lesser degree, in mathematics.” As well, the academic literature has found “scientist in the classroom” models of science outreach intervention generate interest in science and engage students.

HED notes the 2012 Project is based on the 1990-1995 Science Advisor Program between Sandia National Laboratories and Albuquerque Public Schools for grades K to 8. Similar collaborations currently exist in Las Cruces and Santa Fe school districts.

HED indicates existing procedures would be used to certify volunteers both by the school districts and by NMSU. HED discusses an existing NMSU website that features 60 STEM programs.

HED notes a new project proposal for New Mexico 2012 Project was not submitted by NMSU for consideration in the Fall 2007 budget process. The January 2008 LFC report “Higher Education Department Review of Selected Research and Public Service Projects” discusses best practices for funding these types of projects.

The technical and administrative support appropriation is 25 percent of the total project appropriation.

PERFORMANCE IMPLICATIONS

PED notes the project is in alignment with Goal 1 of “A Strategic Action Plan for Advancing Math and Science Education in New Mexico 2007-2010. This goal specifies: “To increase student interest, participation and achievement in math and science.”

The following public school support performance measures would be relevant:1) Student achievement on the standards based assessment in mathematics at elementary and middle school

levels; 2) Percent of New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools; and 3) annual cohort graduation rate for school year 2004-2005 ninth graders.

TECHNICAL ISSUES

PED notes Senate Bill 211 from the 2007 legislative session authorizing high school reforms provides: “The department shall provide by rule for training and other requirements to support the use of unlicensed content area experts as resources in classrooms, team teaching, on-line instruction, curriculum development and other purposes.” PED would determine if this legislation aligns with the rule which is currently under development.

PED notes conversation and a draft memorial use the phrase “New Mexico Project 2012” rather than “New Mexico 2012 Project”.

The annual reporting requirement might be extended to the Legislative and Executive branches of state government.

According to a draft fiscal impact report from TRD, one additional FTE is needed at a cost of \$30,000 to develop audit procedures. There would also be changes to forms and administrative coordination with NMSU, school principals and others.

OTHER SUBSTANTIVE ISSUES

PED notes this project will support volunteers to work in a maximum of 80 schools.

POSSIBLE QUESTIONS

1. What is the intent of the appropriation for public school awards? How would awards be budgeted and expended?
2. If the intent is to authorize the program in 2008, would an emergency clause be helpful?
3. School awards are to be based on rules and criteria established by the Mathematics and Science Advisory Council. To whom is this council accountable?

AW/mt