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FISCAL IMPACT REPORT

ORIGINAL DATE 2/5/2008

SPONSOR Kernan LAST UPDATED HB

SHORT TITLE Study Regional Education Cooperatives SM 41

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

Senate Memorial 41 requests that the LESC, PED and the regional education cooperatives (REC) study the roles responsibilities and financial requirements of the REC.

The study should include an examination of PED's financial reimbursement process and REC financial reporting procedures. The agencies are requested to present their findings to LESC by October 2008.

FISCAL IMPLICATIONS

The memorial does not include appropriations. The agencies involved should be able to absorb any costs incurred in carrying out the study within existing appropriations.

SIGNIFICANT ISSUES

In a Legislative Finance Committee review completed during the 2007 interim, various findings concerning the fiscal operations of the REC were reported. Significant among these were findings related to cash flow and fiscal administration of federal IDEA-B funds. The study

requested by this memorial will build on the LFC evaluation to provide the Legislature information regarding the need for general fund support. As a result of recent changes in federal appropriations related to IDEA, the RECs have faced restricted cash flows, thus necessitating the need for special legislative appropriations. In 2006 and again in 2007, the New Mexico Legislature made special appropriations of \$750 thousand and \$1.05 million, respectively, to the RECs to provide temporary cash flow assistance.

The enabling legislation created the RECs to bring education-related services to rural and other underserved areas of the state. RECs are state agencies administratively attached to the Public Education Department. According to the PED, there are 9 RECs serving 58 of New Mexico's public school districts as well as other charter and state-supported schools. The districts served are generally small in student populations and located in rural areas.

Regulation or statute makes no provisions for funding sources for the operation of RECs. However, according to the PED, the agency sets aside \$1.0 million in federal IDEA-B funds annually, which are divided equally among the 9 RECs. Other operating funds are provided by participating school districts.

Regional Education Cooperatives (RECs) provide fiscal administration, technical assistance, and direct services to participating member school districts and state-operated schools. These services may include parent training, data collection and analysis, distance education grant writing and administration, school board training professional development, diagnostic evaluation, child find and other related services, technical assistance, and policy and procedure development. The RECs also provide cooperative nurse services and special education services.

Various federal programs, such as Headstart, Carl P. Perkins, Drug Free Schools and Communities Act, and others are also administered by RECs.

PA/bb