

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill No: SB 478a

49th Legislature, 1st Session, 2009

Short Title: Extraordinary Costs of New School Openings

Sponsor(s): Senator John Ryan and Other

Analyst: Peter B. van Moorsel

Date: February 25, 2009

AS AMENDED

The Senate Education Committee amendment:

- **strikes the \$3.0 million appropriation from the Public School Capital Outlay Fund to the New School Development Fund; and**
- **appropriates \$5.0 million in federal general purpose fiscal stabilization funds provided under the federal *American Recovery and Reinvestment Act*, but maintains the original purpose of the appropriation.**

Original Bill Summary:

SB 478 appropriates funds from the Public School Capital Outlay Fund (PSCOF) to the New School Development Fund for the purpose of making distributions to school districts to pay for equipment and other costs unique to the first year of operation of new schools.

Original Fiscal Impact:

\$3.0 million is appropriated for expenditure in FY 10 and subsequent fiscal years.

Unexpended or unencumbered funds do not revert to the PSCOF.

The Public Education Department (PED) cautions that appropriating money from the PSCOF for other programs¹ would reduce the funds available for the standards-based process for awarding grants for public school construction projects, as established in the *Public School Capital Outlay Act*.

Issues:

According to PED, the costs associated with opening a new school can be a financial burden to a school district, and include:

- operational costs, including hiring new teachers, administrative staff, and maintenance staff; and
- capital costs, including furniture, fixtures and equipment, books, technology, laboratory equipment, instruments, and uniforms.

¹ Other uses of money in the PSCOF include grants for roof repair and replacement, lease payment assistance, CID reimbursements for building inspection costs, facility master plan assistance, and demolition allocations.

Background:

The New School Development Fund was created in 2006 to supplement district funds needed to pay for supplies, equipment, and operating costs unique to the first year of operation of a new school.

In 2008, the Legislature appropriated \$3.0 million from the PSCOF to the New School Development Fund for expenditure in FY 09 and subsequent fiscal years, which PED awarded to applicants who were opening a new school, as follows:

DISTRICT	SCHOOL	TOTAL AWARD
Gadsden	Chaparral HS	\$184,250
Gallup	Chief Manuelito MS	\$309,989
Rio Rancho	Sandia Vista ES	\$42,133
Rio Rancho	Cielo Azul ES	\$42,133
Deming	Columbus ES	\$323,870
Rio Rancho	Sue Cleveland HS	\$2,097,625
		\$3,000,000

Current law states that PED may not approve a distribution from the New School Development Fund unless it determines that there are no other reasonably available federal, private, or other public sources for the needed funding.

Related Bills:

SB 217a *UNM Geographic Information System*

*SB 378 *Public School Capital Outlay Amendments*