

Synopsis of Original Bill

House Bill 139 appropriates \$1.5 million from the general fund to the dual credit textbook fund to carry out the purposes of the fund.

HB 139 creates the Dual Credit Textbook Fund to provide school districts, charter schools and state-supported schools with support for purchasing textbooks and other materials associated with Dual Credit enrollment of high school students in higher education.

FISCAL IMPLICATIONS

The appropriation of \$1.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall not revert to the general fund but shall remain in the dual credit textbook fund.

This bill creates a new fund and provides for continuing appropriations. The LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

The General Appropriations Act contains a \$1.5 million appropriation for dual credit textbooks.

SIGNIFICANT ISSUES

As part of the high school reform effort a dual credit requirement among other was added to the statewide graduation requirements. As part of the program, school districts are required to pay for the cost of college textbooks for their students taking dual credit classes at New Mexico universities and community colleges.

School districts over the last two years have complained that they require a funding source to cover the cost of instructional materials for dual credit classes. HB-139 provides for a distribution of funds to districts, charter schools and state supported schools to cover the cost of text books and materials for high school students enrolled in college classes for dual credit.

The bill directs PED and HED to work jointly to set the per-dual-credit-course allotment each year, based on data related to cost and rules established by the Departments with money allocated directly to school districts, charter schools and state supported schools by July 31 of each year. Any money unspent by recipients will carry over into subsequent fiscal years.

The bill also provides for the instructional materials bureau to reallocate and distribute any money remaining in the fund at the end of the fiscal year. This provision is problematic as it appears the department will be expected to distribute all of the money in the fund annually. Districts and charter schools should revert excess funding to the fund at the end of the year to account for the amount as appropriations are determined for the following year.

HB 139 also requires that by July 1 of each year, Fund recipients report any money received to cover lost or damaged textbooks or from the sale of unused or returned books and materials to

the Instructional Materials Bureau. The subsequent year's allotment for that recipient will be reduced by the reported amount. The Instructional Materials Bureau may also reallocate any remaining funds at the end of the fiscal year.

TECHNICAL ISSUES

Section 1, Subsection G on page 3 provides for “the instructional materials bureau to reallocate and distribute any money remaining in the dual credit textbook fund at the end of a fiscal year.” This language appears to be unnecessary as the distribution of allocations to schools is based on student attendance in the prior calendar year. According to provisions contained in the bill, 100 percent of allocations are to be made by July 31st of each year. Provisions for reallocations are not necessary or recommended as it may cause an incentive for schools to request supplemental allocations after final distributions are made. Balances remaining in the fund and at the districts at the end of the year should be used to offset the following year projected appropriation need.

PA/mt