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## FISCAL IMPACT REPORT

ORIGINAL DATE 10/22/09

SPONSOR Cote LAST UPDATED \_\_\_\_\_ HB 22

SHORT TITLE Suspend School Material Adoption Cycle SB \_\_\_\_\_

ANALYST Aguilar/Varela

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>	Indeterminate but significant	(\$16,230.4)		Indeterminate but significant	Recurring	Instructional Materials Fund
	Indeterminate but significant	\$16,230.4		Indeterminate but significant	Recurring	District Operational Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Education Department

### SUMMARY

#### Synopsis of Bill

House Bill 22 suspends the instructional materials adoption cycle for FY10 and FY11 and allows school districts to use their instructional materials allocations funded in the General Appropriations Act of 2008 and the General Appropriations Act of 2009 for other operating expenses, excluding salaries and benefits.

HB-22 declares an emergency.

### FISCAL IMPLICATIONS

Provisions contained in HB-22 may result in school districts not purchasing textbooks and materials for two years if they choose to use the funds for other purposes.

Districts could potentially add more than \$32 million or at least 1.5 percent to their operating budgets if provisions of this bill are fully implemented.

Current statute provides that in addition to the purchase of books, up to 25 percent of a district's allocation may be used for the purchase of other classroom materials. This provision already gives districts the opportunity to purchase materials other than books for the classroom freeing up some portion of operational funds that in the past was spent on supporting the purchase of classroom materials.

### **SIGNIFICANT ISSUES**

In order to make sure that students are provided with sufficient learning materials it is important that a replacement cycle be implemented and maintained. While this bill appears to only suspend the adoption cycle for two years, it is an important two years because the changes provided for in HB 22 impacts the selection and purchase of Language Arts and Reading instructional materials for grades K-8 in FY10 and grades 9-12 in FY11. The cycle is a consecutive two-year adoption model for the review and authorization of integrated Language Arts/Reading programs for both secondary and elementary schools. Suspending the adoption cycle may have a significant impact on students in the classroom.

Making this change may conflict with 22-8-34 NMSA (Federal mineral leasing funds), which specifies an annual appropriation to the instructional material fund:

“Except for an annual appropriation to the instructional material fund and to the bureau of geology and mineral resources of the New Mexico institute of mining and technology, and except as provided in Subsection B of this section, all other money received by the state pursuant to the provisions of the federal Mineral Lands Leasing Act, 30 USCA 181, et seq., shall be distributed to the public school fund”

PED reports that these provisions may conflict with the No Child Left Behind Act.

### **ADMINISTRATIVE IMPLICATIONS**

PED notes that new policies and procedures will be required to establish an accountability framework for the calculation, distribution and monitoring of the current allocation fund, including carry over and cash balances. The department also notes that the Instructional Material administrative code will need to be revised to reflect new policies and procedures for the administration of this fund. It is unclear if these changes will be necessary for the limited timeframe covered by the provisions of HB-22.

PV:PA/svb