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FISCAL IMPACT REPORT

ORIGINAL DATE 01/31/12
LAST UPDATED 02/10/12 **HB** _____
SPONSOR Nava
SHORT TITLE Remove School For Arts Money Restrictions **SB** 253
ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 253 amends the New Mexico School for the Arts Act, allowing the New Mexico School for the Arts (NMSA) to use public funding sources to ensure the state-chartered charter school has adequate revenue to pay for all expenses associated with outreach activities provided for in Section 22-15F-6 NMSA 1978 and for room and board costs for those students who are not able to pay the full cost of room and board pursuant to Section 22-15F-7 NMSA 1978. Currently the school is prohibited from using public funds for outreach and room and board costs.

FISCAL IMPLICATIONS

This bill has no immediate fiscal impact; however it allows the New Mexico School for the Arts to request Legislative appropriations in the future to cover room and board costs and outreach costs.

Based on the preliminary unit value, for FY12, the New Mexico School for the Arts (NMSA) will receive almost \$2 million in state equalization guarantee distribution funding for approximately 183 students. This equals approximately \$10.8 thousand per student - \$3.9 thousand, or 57 percent per student more than the statewide average. Language in the bill prohibits the school from using money received from the state equalization guarantee distribution for the purpose of outreach or room and board.

The bill will allow the NMSA to use other below-the-line general fund appropriations (related recurring appropriations) made in the General Appropriations Act, other direct legislative appropriations, or other public funding sources to engage in outreach activities and to pay for room and board of students.

During FY11 school year, costs to provide room and board to 18 students \$140 thousand in fees associated with room and board, including rents, meals and food costs, communications expenses, insurance, repair and maintenance, and adult supervision and administrative support. Of this amount, \$98 thousand was funded by private donations. During the FY12 school year, the school anticipates room and board costs for 14 students to total \$162 thousand, with \$136 thousand of the costs being funded by private donations. During FY12, the school has tripled costs associated with administrative support and increased funding for adult supervision by 33 percent. The school indicates the 33 percent increase includes salaries and operational expenses, as well as increases in counseling, medical, and health resources for residential students.

For FY11, only one student paid the full \$9.5 thousand, one student paid no tuition, and the remaining 16 students paid between \$450 dollars and \$5.7 thousand dollars, based on a sliding scale. Fees collected from students in FY11 to cover room and board totaled \$47.1 thousand.

During FY11, the school received the following amounts from the following donors to support the residential program: \$30 thousand from Thaw Charitable Trust, \$30 thousand from Thornburg Charitable Foundation, \$30 thousand from an anonymous donor, \$10 thousand from Proteus Foundation, \$20 thousand from Roke Foundation; \$2.5 thousand from Cudd Foundation, and \$30 thousand from 4 individual student sponsors.

Outreach costs during FY11 totaled \$29.5 thousand for the Master Class, Summer Institute, administrative support, Arts Chair support, and travel costs. For FY13 the school anticipates costs to total \$30.7 thousand.

Information provided by the NMSA indicates the school generated \$1.1 million in private support in the 2010-2011 year, \$1.2 million for the 2011-2012 year, and anticipates generating \$1.3 million from the private sector for the 2012-2013 year. This private support pays for: Dance (Modern and Ballet), Music (Instrumental and Vocal), Theater, and Visual Arts Programming, the Residential Program, Outreach, Development and Operations.

The NMSA also earns income through the sales of DVDs, artwork, tickets, and through residential fees, based on a sliding-fee scale. In 2010-11 we generated approximately \$40,000.00 in Residential Fees; in 2011-2012 we will generate approximately \$24,000 in Residential Fees. NMSA anticipate receiving approximately \$26,000.00 in residential fees for the 2012-2013 academic year.

NMSA leases its current school site from the Archdiocese of Santa Fe. The school has 2 more years on its lease, and has begun the search for a permanent home. NMSA has secured \$7 million dollars in pledges of private support for a permanent campus. NMSA has an additional \$1 million in pledges for the operation of the school at its new site. NMSA is in conversations with the City of Santa Fe about the City's purchase of the historic St. Catherine's School for lease to NMSA.

SIGNIFICANT ISSUES

When consideration was given to creation of the charter school, the school specifically committed to the Legislature that funding for room and board and outreach would not come from state resources in the future, but the school would instead seek funding from private sources.

NMSA is not asking for any appropriation this legislative session. NMSA indicates the school will be able to continue to raise private funding for 15 students in residency. The school anticipates the residential program will grow to 50 students in the future. NMSA indicates they will likely not be able to raise private funding or charge sufficient room and board to cover residential costs associated with 50 students.

According to the NMSA website:

The fee for the residential program is \$9.5 thousand per student per year. Students seeking financial assistance must apply for financial assistance annually. Awards are contingent on availability of funding. Part-time room and board is available, but no tuition assistance can be provided for nightly or part time residency.

Once a student is admitted to New Mexico School for the Arts he or she may apply to the Residential Program. School for the Arts - NM considers the following in making its Residential Program decisions:

- The student's artistic and personal merits, as demonstrated in the application and audition/review;
- The student's ability to live in a dormitory setting, as demonstrated in the audition and applications;
- Geographic distance from the student's current place of residence to the School;
- The student's gender (due to pre-set numbers of rooms for boys and girls on different floors).

In its second year of operation, the school has approximately 20 spaces available for full time (Monday to Friday) residential students. The NMSA's sliding fee scale for the residential program is as follows:

Annual Family Taxable Income (for a family of 4) Rate Fee Amount

\$75,000 or more	100%	\$9,500.00
\$60,000 - \$74,999	80%	\$7,600.00
\$45,000 - \$59,999	60%	\$5,700.00
\$30,000 - \$44,999	40%	\$3,800.00
\$25,000 - \$29,999	20%	\$1,900.00
Under \$25,000	10%	\$ 950.00

The above scale is based on a family of 4. For each additional child, \$3,650 will be deducted from the taxable income figure.

ADMINISTRATIVE IMPLICATIONS

PED indicates the accounting of separate revenue from private sources by the school will impact the PED School Budget and Finance Analysis bureau for fiscal oversight of the school as well as adds extra audit documentation to review.

OTHER SUBSTANTIVE ISSUES

The New Mexico School for the Arts (NMSA) is established by Section 22-15F-1 et seq. as a statewide residential state-chartered charter high school that provides New Mexico students who have demonstrated artistic abilities and potential with the educational opportunity to pursue a career in the arts. The Senate Education Committee amended the 2008 bill (Senate Bill 34 – Nava) to require the school to use a foundation or other private funding source to ensure the school has adequate revenue to pay for all expenses associated with outreach activities and for room and board. The statute allows the school to charge residential students a fee to cover the cost of room and board and to establish a sliding-fee scale based on a student's ability to pay for the total cost of room and board.

RSG/lj:svb