

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 379

51st Legislature, 1st Session, 2013

Tracking Number: .191874.1

Short Title: Vocational Education Funding Differential

Sponsor(s): Senator Linda M. Lopez and Representative Sheryl M. Williams Stapleton, and Others

Analyst: Mark Murphy

Date: February 19, 2013

Bill Summary:

SB 379 amends the *Public School Finance Act* to:

- add a “Vocational Education Program Units” section that requires the number of vocational education units to be determined by:
 - multiplying the full-time-equivalent membership in the Public Education Department (PED) approved vocational education programs times the cost differential factor 0.8;
- add “vocational education” to the list of itemized program units calculated in order to compute the total number of program units;
- specify that “vocational education” itemized program units be multiplied by the instructional staff training and experience index (T&E Index); and
- require the superintendent of each school district or head administrator of a state-chartered charter school to:
 - keep accurate records concerning the full-time-equivalent membership for vocational education programs; and
 - maintain a report of this information for each reporting date.

Fiscal Impact:

SB 379 does not contain an appropriation.

Fiscal Issues:

According to the PED bill analysis for SB 379:

- data at the PED for 2011-2012 shows that there are 47,381 students statewide participating in vocational programs. Based on this, the total units generated are 37,904.8 (47,381 X 0.8); and
- the total dollars generated using the FY 13 final unit value of \$3,673.54 is \$139,244,799.

Using the PED’s estimated number of units generated in 2011-2012 by the provisions of SB 379 and information from the PED’s FY 13 Funded Run document, had vocational program cost

been incorporated into the formula as required under SB 379, the unit value for FY 13 would have been \$3,448.87. Without information regarding the districts or charter schools with these programs, it is not possible to project the specific way in which SEG distributions would be impacted. If enacted without a proportionate increase in appropriations, however, the provisions in SB 379 would result in a significant reduction in overall unit value.

The Legislative Finance Committee (LFC) Fiscal Impact Report (FIR) states:

- without an appropriation, the unit value would be diluted by 5.7 percent;
- any unit value dilution in FY 14 will have a negative effect on the state meeting the maintenance of effort requirements of Part B of the federal Individuals with Disabilities Education Act (IDEA-B) in FY 14;
- given the funding recommendations included in HB 2, if this bill is enacted the unit value will likely decrease in FY 14; and
- this will result in a larger gap between FY 09 funding made available for special education and FY 14 funding made available for special education, potentially resulting in the loss of federal IDEA-B funding.

Substantive Issues:

SB 379 reincorporates a 0.8 cost differential factor into the public school funding formula. Such a change means that student membership in vocational education programs would generate additional units within the SEG distribution. Currently, student membership in vocational education programs does not generate additional units within the public school funding formula. Rather, based on the compromise from 1976 (see “Background,” below), the current funding formula for high school students includes an increase of 0.05 as a result of dropping the vocational education add-on. This bill would require that the membership of students in such programs be multiplied by a cost differential factor of 0.8 and generate additional program units. Furthermore, these units would then be multiplied by the T&E Index as they were in 1974.

As discussed in a 1993 article, *Funding Vocational Education*, there appear to be two arguments for providing funding for vocational education in the way proposed by this bill rather than lumped into the grade level differential factors.

First, providing funding through an itemized vocational education calculation based on vocational education program membership will require districts to provide approved vocational education programs in order to receive additional funds. This may provide greater authority for PED to require and help ensure a wide selection of quality vocational programs within New Mexico’s school districts.

Second, inclusion of a vocational education funding factor may increase public focus on vocational education programs and incentivize more school districts and state-chartered charter schools to seek vocational education programming.

Technical Issues:

In 2006, federal law replaced the phrase “vocational education” with “career and technical education.” The sponsor may wish to consider replacing the terminology used in this bill to mirror federal terminology.

According to the PED bill analysis:

- implementing any new formula component requires at least a year to implement and may require changes to the Student Teacher Accountability Reporting System (STARS) data system and the operating budget management system (OBMS);
- it is recommended that the effective date for all sections be amended to July 1, 2014 to allow for a year to develop the new reports required in STARS and to evaluate the impact of new units in calculating an initial unit value.

Background:

Vocational Education in the Public School Funding Formula

In 1974, New Mexico enacted legislation to fund public schools in accordance with a public school funding formula. Vocational education membership was included as a cost differential factor to be part of the original public school funding formula. Within the public school funding formula, vocational education membership in approved programs were then multiplied by a cost differential factor of 0.8. These units were also included in the items that would later be multiplied by the T&E Index. The proposed changes made in SB 379 would reenact the vocational education program unit calculations in place when the original funding formula was implemented.

According to a 1993 *Funding Vocational Education* report, a 1976 study led by J.O. Garcia on the first year under the new formula, 1974-1975, recommended that the vocational education add-on of 0.8 be reduced to 0.5. The Chief of Public School Finance at that time, however, recommended that only the bilingual and vocational cost differentials needed separate weighting. A House bill, based on the study conducted by Garcia, died in adjournment when the House failed to concur in the Senate amendments. Failure of the bill was one of a number of reasons for the Governor to call a special session. In a compromise bill introduced into the special session, separate weights for most programs were retained, some with small adjustments, but weights for vocational education were dropped from the formula. In dropping the vocational education weights, the factor for grades 10-12 was increased from 1.20 to 1.25. The additional 0.05 weight generated approximately the same amount of money as the 0.5 add-on recommended for vocational education, but it was distributed to all districts with grades 7-12 without regard to vocational education program membership.

Current Programs in New Mexico

According to data available on the PED's College and Career Readiness Bureau website, New Mexico has numerous vocational education programs. Table 1 highlights the vocational education programs operating throughout the state and provides information on their programs of study.

Table 1. Vocational Education Programs in New Mexico

School District	Number of Programs	Programs of Study
Alamo Navajo	2	Engineering, Construction, Manufacturing and Agriculture; Business Services
Alamogordo Public Schools	2	Audio and Video Technology and Film; Automotive Technology
Albuquerque Public Schools	9	Media Technology; Business, Management and Finance; Architecture; Engineering; Construction Technologies; Culinary Arts; Education and Training; Facilities and Mobile Equipment Maintenance; Production Technologies
Belen Consolidated Schools	6	Digital Media Arts; Medical Lab Technician; Culinary Arts; Welding/Metals; Pre-Engineering; Automotive Technology
Bernalillo Public Schools	6	Construction; Drafting; Business Graphics Digital Media; Paramedic; Culinary/Lodging Management; Automotive
Carlsbad Municipal Schools	4	Architecture & Construction; Arts & Entertainment: Video Production; Hospitality and Tourism: Culinary Arts; Automotive Technology
Central Consolidated Schools	3	Energy & Environmental Technologies; Arts & Entertainment; Health Sciences
Clovis Municipal Schools	4	Agribusiness; Design; Media Technologies; Business, Financial Management & Accounting
Cobre Consolidated Schools	1	Hospitality
Deming Public Schools	6	Agriculture; Science, Technology, Engineering, & Math; Health Careers; Culinary Arts; Fashion & Interior Design; Networking A+
Espanola Public Schools	2	Audio-Video Technology and Communications; Business, Management & Administration
Gadsden Independent Schools	5	Therapeutic Services; Culinary Arts; Hospitality & Lodging; Computer & Informational Technology; Criminal Justice
Gallup-McKinley County Schools	7	Architecture and Construction; Business Administration and Technology
Grants-Cibola County Schools	2	Hospitality & Tourism; Culinary Arts
Hobbs Municipal Schools	2	Energy and Environmental Technologies; Engineering, Construction, Manufacturing and Agriculture
Las Cruces Public Schools	7	Drafting Technology; Education; Veterinary Technician; Biomedical Sciences CAN/EMT; Culinary; Hospitality & Tourism; Pre-Engineering/Aerospace Technology
Los Alamos Public Schools	1	Prostart
Los Lunas Public Schools	1	Engineering
Lovington Public Schools	1	Information Technology
Northeast Regional Education Center #4	1	Computer Science
Northwest Regional Education Center #2	1	Engineering
Portales Municipal Schools	5	Agriculture; Energy & Environmental Technologies; Business Services

Source: PED, Career and College Readiness Bureau.

Current State Law

The *Public School Code* sections relating to Vocational Education or Rehabilitation state that:

- “vocational education” means vocational or technical training or retraining conducted as part of a program designed to enable an individual to engage in a remunerative occupation;
- vocational education may provide, but is not limited to guidance and counseling, vocational instruction, training for vocational education instructors, transportation, and training material and equipment;
- the Public Education Commission (PEC) is the governing authority for vocational education and must establish policies for the conduct of all programs of the state;
- the PEC is the sole agency of the state for the administration of any state plan relating to vocational education or for any federal aid funds; and
- the PEC may:

- enter into an agreement with the appropriate federal agency to procure for the state the benefits of the federal statute;
- establish a state plan, if required by the federal statute, to qualify the state for the benefits of the federal statute;
- provide for reports to the federal agency as may be required;
- provide for reports to the PEC or PED from agencies receiving federal funds;
- make surveys and studies in cooperation with other agencies to determine the needs of the state in the areas where federal aid funds are to be applied;
- establish standards to which agencies must conform in receiving federal aid funds;
- give technical advice and assistance in connection with that agency obtaining federal funds;
- coordinate as required by the federal agency with the state workforce development board; and
- as required by the federal agency, make available a list of all school dropout, postsecondary and adult programs assisted in accordance with the state plan.

Federal Support – The Perkins Act

The *Carl D. Perkins Vocational and Technical Education Act* was first authorized in 1984 and again in 1998. Its purpose is to increase the quality of technical education in the United States. In 2006, the Act was reauthorized as the *Carl D. Perkins Career and Technical Education Improvement Act of 2006*. The new law:

- provides almost \$1.3 billion annually to career and technical education programs in all 50 states until 2016;
- replaces “vocational education” with “career and technical education”;
- maintains the Tech Prep program as a separate entity with federal funding within the legislation; and
- maintains state administrative funding at 5.0 percent of a state’s allocation.

As referenced in the activities the PEC is authorized to work with the US Department of Education with regard to *Perkins Act* funding.

Committee Referrals:

SEC/SFC

Related Bills:

SB 164 *Equalization Guarantee at School for the Arts*
 SB 302 *Home & Charter School Student Program Units*
 SB 325 *Stop Some Indian Impact Aid Credits*
 SB 378 *K-3 Plus Equalization Guarantee Distribution*
 *SB 433 *Public School Physical Education & Funding*
 HB 158 *School Performance-Based Budgeting*
 HB 165 *School Finance Units for Small Districts*
 HB 192 *School Program Units for Certain Personnel*
 HB 245 *Stop Some Indian Impact Aid Credits*