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FISCAL IMPACT REPORT

ORIGINAL DATE 02/01/13

SPONSOR Rodriguez LAST UPDATED _____ HB _____

SHORT TITLE Equalization Guarantee at School for the Arts SB 164

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	See Fiscal Implications		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Not Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 164 amends the New Mexico School for the Arts Act to allow the New Mexico School for the Arts, a statutorily created charter school, to seek public funding for outreach activities and room and board for those students financially unable to pay the full cost. The bill expressly excludes the use of state equalization guarantee distribution for these purposes.

FISCAL IMPLICATIONS

This bill has no immediate fiscal impact; however it allows the New Mexico School for the Arts (NMSA) to seek public funding beginning with the 2013-2014 school year to cover outreach costs and room and board for students financially unable to pay the full room and board fees. 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 student room and board.

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.

The school raises more than \$100 thousand annually from private donors to provide financial aid to students for room and board. Additionally the school raises more than \$1 million annually to pay for arts classes and outreach.

NMSA is not asking for any appropriation this legislative session. NMSA anticipates approximately 20 students will be in residency during the 2013-2014 school year. NMSA indicates they will raise between \$150 thousand to \$200 thousand to provide financial aid to students for room and board in 2013-2014.

The school anticipates the residential program will grow in the future and they will not likely be able to raise sufficient private funding or charge sufficient room and board to cover the residential costs.

From NMSA Website:

Residential students who do not have access to daily public transportation to and from school pay for residential costs on a sliding-scale fee based on family income with financial aid available to offset room and board fees.

The residential program fee 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.

Sliding Fee Scale for the Residential Program: 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

ADMINISTRATIVE IMPLICATIONS

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

During 2012-2013 school year, costs to provide room and board to 6 students totaled approximately \$100 thousand, including rents, meals and food costs, communications expenses,

insurance, repair and maintenance, and adult supervision and administrative support. Almost the entire amount was funded by private donation. The six students contributed between \$500 and \$2000 a student. NMSA anticipates the number of students in residence will increase to 20 during the 2013-2014 school year.

During the 2012-2013 school year, NMSA received donations from the following donors to support the residential program: \$25 thousand from Thaw Charitable Trust, \$25 thousand from Thornburg Charitable Foundation, and \$50 thousand from two other anonymous donors in the amount of \$25 thousand each.

Outreach costs during the 2012-2013 school year are estimated to total between \$30 thousand and \$32 thousand for the Master Class, Summer Institute, administrative support, Arts Chair support, and travel costs.

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 \$1.4 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, and tickets.

RSG/bm