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**LEGISLATIVE EDUCATION STUDY COMMITTEE**  
**BILL ANALYSIS**  
**53rd Legislature, 2nd Session, 2018**

**Bill Number** SB36 **Sponsor** Soules  
**Tracking Number** .208974.1 **Committee Referrals** SEC/SFC  
**Short Title** Public School Funding Sufficiency  
**Analyst** Simon **Original Date** 1/23/18  
**Last Updated** \_\_\_\_\_

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**BILL SUMMARY**

Synopsis of Bill

Senate Bill 36 (SB36) appropriates \$374.9 million to the Public Education Department for distribution through the state equalization guarantee (SEG) in FY19. This amount is based on a 2008 recommendation from a study of New Mexico's public school funding formula by the American Institutes for Research (AIR), which recommended increasing public school appropriations by 14.5 percent. The amount is adjusted based on the FY18 appropriation for public school support.

**FISCAL IMPACT**

SB36 appropriates \$374.9 million from the general fund to the Public Education Department for distribution to school districts and charter schools in FY19. Any unexpended or unencumbered balances would revert to the general fund at the end of FY19. For FY19, both the Legislative Finance Committee and the executive recommended total program cost – the amount of funding the state assumes all school districts and charter schools will need to operate – of \$2.601 billion.

In January 2008, AIR recommended an additional \$334.7 million in state funds for public schools was needed to achieve sufficiency, a 14.5 percent increase from the FY08 budgeted program cost and emergency supplemental distributions of \$2.301 billion. SB36 appropriates \$374.9 million, or 14.5 percent of FY18 general fund appropriations for public school support. Public school support appropriations include the SEG distribution, transportation distributions, emergency supplemental and out-of-state tuition distributions, appropriations to the instructional material fund, appropriations to the Indian education fund, and appropriations for the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment. The appropriation in SB36 directs the entire appropriation through the SEG.

**SUBSTANTIVE ISSUES**

Laws 2005, Chapter 49, created the Funding Formula Study Task Force, which selected AIR to produce an independent report on the public school funding formula and the costs associated with

statutory requirements for New Mexico’s public education system. AIR’s report to the task force was published in January 2008.

AIR’s recommendation to increase public school funding by 14.5 percent was based on cost estimates produced by “professional judgement panels.” Six panels consisting of a superintendent, three principals, a special education director, an English learner specialist, a school business official, and two teachers were tasked with determining what resources were needed to develop educational programs that allowed all public school students to make “positive and measurable gains” and produced high school graduates that were able to enter community college or the work force without needing remediation. Initial program designs and cost estimates were reviewed by a subset of the task force to ensure the program designs were efficient and cost estimates were realistic and grounded.

According to AIR, the professional judgement panel and review process identified best educational practices in the judgment of professional educators combined with the political and economic realities of the state.

### **TECHNICAL ISSUES**

The bill appropriates \$374.9 million to PED for distribution through the SEG. The sponsor may wish to appropriate the funds directly to the SEG as it is generally a separate appropriation in the General Appropriation Act.

### **OTHER SIGNIFICANT ISSUES**

A major goal of the AIR study was to develop a simple, transparent, and equitable public school funding formula and to recommend a sufficient level of funding for each school district and charter school. The study noted increased investment in public education will not guarantee improved student outcomes. The study indicated student success depends on multiple factors including investments in mental and physical health, nutrition, and family stability, and depends on a variety of social service institutions in addition to schools.

New Mexico remains involved in two lawsuits alleging the amount of revenue appropriated for public education is insufficient to meet the constitutional mandate to establish and maintain a “uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.” The cases were argued this summer and a ruling is expected in the spring of 2018.

### **SOURCES OF INFORMATION**

- LESC Files

**JWS/rab**