

LFC Requester: _____

AGENCY BILL ANALYSIS
2017 REGULAR SESSION

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{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:
Original Amendment _____
Correction _____ Substitute _____

Date 2/12/17
Bill No: SB256

Sponsor: Senator Joseph Cervantes
Short K-6 MINIMUM SCHOOL
Title: HOURS & DAYS

Agency Code: 924
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
	\$143,167.2	Recurring	Land Grant Permanent Fund, Public School Fund General Fund

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB 256 makes numerous changes to the minimum instructional hours and days in the school year, lengthening the school hours and days for some grades. SB 256 also removes provisions allowing the Secretary to waive the length of the school days in districts where the minimums would create undue hardships.

SB 256 increases the cost differential for early childhood education, currently defined in statute as kindergarten, and all base level grades 1 through 5.

SJR 14, a companion piece of legislation proposes to increase distributions from the Land Grant Permanent Fund by one percent of the average of the year-end market values of the permanent school fund for the immediately preceding five calendar years to increase the minimum instructional hours and days in a school year as provided by law.

SB 256 is contingent on a Constitutional amendment being enacted that has a title identical to that proposed under SJR 14.

FISCAL IMPLICATIONS

As shown in the chart below, based on the proposed cost differential factor changes and assuming all school districts and the FY 17 final unit value, implementation of the bill would cost approximately \$143.2 million dollars due to the increase of 35,975 units generated. If the amount of revenue generated by SJR 14 are insufficient to offset the increase in additional units as estimated in the section “Significant Issues” below, then the additional units will result in a decreased unit value in future years.

Adj. Basic Program Units Current Law	430,549.502
Adj. Basic Program Units SB 256	466,524.497
Additional Units Generated	35,974.995
Times FY17 Final Unit Value	\$3,979.63
TOTAL ESTIMATED INCREASE	\$143,167,171.26

Increases to the length of school day will have associated increases to costs to public education entities. Examples of increased costs include those for fixed costs with rising expenses for utilities and operations; transportation, when the ability to tier routes is diminished and more buses are required to run, and additional labor costs, among others. These costs would be offset by the increased dollars generated per the provisions of this bill.

SIGNIFICANT ISSUES

SB 256 makes numerous changes to the length of school day and minimum instructional hours section of the Public School code as outlined in the chart below. Entities must meet either the hours per day or the hours per year requirement. The state’s half-day Kindergarten program would be removed under these proposed changes, leaving in place only full-day Kindergarten. As explained in the technical issues section below, mid-year implementation will likely create large issues for teacher contracts negotiated in the prior year as these are often drafted and finalized prior to the Summer break, in almost every instance finalized prior to November, and generally are for approximately 180 days.

SB 256 COMPARISON OF MINIMUM INSTRUCTIONAL HOURS

	Current Law		SB256	
	Hours Per Day	Hours Per Year	Hours Per Day	Hours Per Year
Half Day K	2.5	450	N/A	N/A
Full Day K	5.5	900	5.5 (min. 205 days)	1127.5
Grades 1 - 6	5.5	900	N/A	N/A
Grades 7 - 12	6	1080	N/A	N/A
Grades 1 - 5	N/A	N/A	5.5 (min. 205 days)	1127.5
Grades 6 - 12	N/A	N/A	6 (min. 180 days)	1080

Sb 256 requires that weather-related delays, cancellations and professional development cannot count toward the number of instructional days. Additionally, SB 256 limits the Secretary’s ability to waive the length of the school days in districts where the minimums would create undue hardships. Though this may be in consideration of limiting exceptions to the increased minimum instructional time, there are many times in which waiving the hours of the day and allowing entities to adjust the hours per year, without changes to school calendars or renegotiating collective bargaining agreements, is the least disruptive option to the instructional program of students and is most often how this section of law is implemented.

SB 256 makes numerous changes to the cost differentials for basic program in the public school funding formula. In the public school funding formula, student membership (MEM) is multiplied times the cost differential provided in statute (and in the table below) to determine total units for the basic program.

Basic Program Unit Cost Differentials

	Current Law	SB256
ECE (K)	1.44	1.656
Grade 1	1.2	1.38
Grades 2 - 3	1.18	1.357
Grades 4 - 6	1.045	
Grades 7-12	1.25	
Grades 4 - 5		1.202
Grades 6 - 12		1.25

When using current membership data for FY17, the following chart shows the changes to how basic program units are generated. All basic program units in school districts and charter schools generated are multiplied by the training and experience (T&E) index to generate total adjusted program units before add-on units are included and the grand total is multiplied times the unit value. As such, in order to determine the best estimate of additional units generated by SB 256, the proposed cost differentials and their outputs were multiplied times the statewide weighted average T&E index of 1.08 to determine total adjusted program units. To ease comparisons, half-day Kindergarten was included in the student membership of ECE, even though this likely includes students that may no longer have a program.

**COMPARISON OF BASIC PROGRAM UNIT CALCULATIONS FY17 MEM
CURRENT LAW**

ECE	GRADE 1	GRADES 2-3	GRADES 4-6	GRADES 7-12	Total Basic Program Units	Oct 15 T & E	Total Adj. Basic Program Units
1.44	1.2	1.18	1.045	1.25			
39,189.240	31,884.600	63,000.200	79,829.156	184,753.750	398,656.946	1.080	430,549.502

SB 256

ECE	GRADE 1	GRADES 2-3	GRADES 4-5	GRADES 6-12	Total Basic Program Units	Oct 15 T & E	Total Adj. Basic Program Units
1.656	1.38	1.357	1.202	1.250			
45,067.626	36,667.290	72,450.262	61,631.949	216,150.000	431,967.127	1.080	466,524.497

ADMINISTRATIVE IMPLICATIONS

At PED, school calendar review processes would need to be changed, all guidance on the funding formula would need to be altered and many steps regarding program approval would be impacted among many other considerations. The PED School Budget and Finance Analysis Bureau alone would see a large surge in school calendar alterations, resubmittals, review and approvals without a corresponding increase in resources. There would be wide scale and significant administrative implications to PED to implement such a large policy change. There would likely be significant costs to PED to administer the provisions.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 256 should be viewed as a close companion to SJR 14 as without passage and adoption of SJR14 it does not carry the weight of law.

TECHNICAL ISSUES

SB 256 indicates that the provisions are to be applicable to the 2018-2019 school year. Assuming that the Constitutional amendment proposed in SJR 14 or a similar resolution is adopted in November of 2018, if the additional distribution of Land Grant Permanent Fund is not available immediately, the final unit value will be reduced by the additional units added without offsetting revenue.

OTHER SUBSTANTIVE ISSUES

The funding formula as originally enacted in the 1970's used grades 4 through 6 as a base multiplier of 1.0 and scaled cost differentials in other grades based on comparison to students in these grades as they were determined to be the lowest cost students. The measurement of basic program costs measured by expenditures was work of the yearly Resource Input Methodology (RIM) studies conducted yearly by the Legislative Education Study Committee and submitted annually to the then Office of School Budget in the Department of Finance and Administration, later the School Budget Bureau of the State Board of Education and now located in the PED as the School Budget and Finance Analysis Bureau. These RIM studies were to inform any re-weighting of basic program unit cost differentials yearly as well as other public school funding formula changes. At that time funding formula changes were largely under the purview of the

School Budget division, primarily for issues related to objective finance analysis of impacts and available revenues, which is the reason for the language occurring in 22-8-12.1 Subsection C NMSA 1978. The passage of SB 256 moves the state further away from a base cost differential weighting of 1.0 for basic program units.

This bill was not recommended by the Public Education Department to the Department of Finance and Administration as a proposed amendment to the public school finance formula pursuant to 22-8-12.1 Subsection C NMSA 1978.

AMENDMENTS

The sponsor may wish to consider amending the applicability provisions in Section 4 to make the provisions applicable to the 2019-2020 school year.

The sponsor may wish to allow the legislature to re-insert the section allowing the waiver of instructional hours to minimize school calendar adjustments and teacher contract re-negotiations.