

<b>LFC Requester:</b>	<b>Sunny Liu</b>
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**AGENCY BILL ANALYSIS  
2018 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

**[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)**

*and*

**[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)**

*{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:*

<b>Original</b> <input checked="" type="checkbox"/> <b>Amendment</b> <input type="checkbox"/>	<b>Date</b> <u>02/01/18</u>
<b>Correction</b> <input type="checkbox"/> <b>Substitute</b> <input type="checkbox"/>	<b>Bill No:</b> <u>HB180</u>

<b>Sponsor:</b>	Rep, Larry A. Larrañaga Rep. Roberto "Bobby" J. Gonzales	<b>Agency Code:</b>	<u>924</u>
<b>Short Title:</b>	SCHOOL DATA COLLECTION & CLASS GOALS	<b>Person Writing</b>	<u>Marian Rael</u>
		<b>Phone:</b>	<b>Email</b> <u><a href="mailto:marian.rael@state.nm.us">marian.rael@state.nm.us</a></u>

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
\$0	\$0	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
\$0	\$0	\$0	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	\$0	\$2,000.0	\$2,000.0	\$6,000.0 (through FY21)	Non-recurring	TBD

(Parenthesis ( ) Indicate Expenditure Decreases)

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: Relating to the establishment of a real-time data system that reduces administrative costs and to new financial reporting related to local administrative costs in relation to instructional costs.

**FISCAL IMPLICATIONS**

PED is currently engaged in the development of a real-time data system that PED intends to have operational statewide by July 1, 2020. The cost estimate for developing and implementing a new statewide real-time data system by July 1, 2020 and establishing new calculation and reporting using real-time data by July 1, 2021 is \$2 million per year for three years.

On page 6 lines 8 through 9, HB 180 indicates that school districts or charter schools that meet proposed benchmarks for the percentage of Operating Budget expenditures shall not have state equalization guarantee distributions (SEG) reduced based upon amounts in cash balances.

**SIGNIFICANT ISSUES**

In the fall of 2016, PED began work on launching a pilot project to develop real-time data reporting and validation that would lower local and PED costs while improving data quality and expanding the use of data to improve education for our students, teachers and schools. In the fall of 2017, PED launched a new cohort of 25 Local Education Agencies (districts and state charters) enrolling over 60% of public school students.

According to a report commissioned by the Thornburg Foundation and presented to the New Mexico Legislature in January 2017, independent analysts conservatively estimated that the current reporting and validation processes in New Mexico cost school districts and state charter schools over \$70 million annually (\$212 per student times 338,000 students). Based on lessons learned from other states, analysts further reported that if New Mexico successfully implemented a real-time data system, local administrative costs related to data reporting and validation would decrease by two thirds. This savings could translate into a recurring annual savings for school districts and state charters of nearly \$50 million that could be repurposed to support classroom instruction and student learning.

PED recommends striking the language on page 4 lines 15-16 that reads “designated as the 1000, 2100, 2200 and 2400 functions” and instead inserting “as those expenditures are classified” in the department’s chart of accounts.

## **PERFORMANCE IMPLICATIONS**

HB 180 creates benchmarks for minimum classroom expenditures as a percentage of total Operational Fund Operating Budget expenditures.

## **ADMINISTRATIVE IMPLICATIONS**

Creating the initial crosswalk between federal and the PED’s Universal Chart of Accounts (UCOA) and the PED’s UCOA would require additional staff and resources. Requiring PED to develop new processes for Operating Budget submissions that calculates the percentage of instructional expenses would require additional staff and resources, including potential upgrades to the PED’s Operating Budget and Management System (OBMS).

## **TECHNICAL ISSUES**

Successfully developing and implementing a real-time data system will require several changes to how PED manages and reports data submitted by schools districts and local charters. Once data are available within PED on a nightly or more frequent basis, current processes depending on quarterly snapshots will change. Calculation of enrollment counts and attendance, for instance, will shift from a local effort to one run at the PED.

PED would need a year longer than the bill envisions to implement the real-time data system (to July 1, 2020) and an additional year to revise or otherwise set up new reporting reflecting the opportunities real-time data offers, as well as to develop the new analysis and reporting called for in the bill.

## **OTHER SUBSTANTIVE ISSUES**

Smaller districts and state charters may not be able to afford on their own the sophisticated systems needed locally to report data to a statewide real-time data system. Efforts will need to be made to bring smaller districts and state charters to collaborate to resolve this issue.