

LFC Requester:	Sunny Liu
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**AGENCY BILL ANALYSIS
2018 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

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: Date 02/07/18
Original **Amendment** **Bill No:** HB289
Correction **Substitute**

Sponsor: Rep. George Dodge, Jr. **Agency Code:** 924
Sen. Mimi Stewart
Short SCHOOL FINANCE **Person Writing** Jane Henzerling
Title: "QUALIFIED STUDENT" **Email**
DEFINITION **Phone:** 505 629 5401 . jane.henzerling@state.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
(\$3,880.0)	(\$3,880.0)	Recurring	General Fund (SEG)
	\$3,000.0 (possible)	Non-recurring	HED (Adult Basic Education)

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 289 changes the definition of a qualified student in the Public School Finance Act to put in place an age limit of 22 and allow students aged 22 or older to generate funding in FY19 if they remain enrolled in the same school on the third reporting date of FY19 as the school they attended in FY18. HB 289 indicates intent to provide a \$3 million appropriation to the Higher Education Department for adult basic education related services in FY20.

FISCAL IMPLICATIONS

The provisions of HB 289 may impact up to 760 students in 38 public schools across the state, all enrolled in grades 9-12. If all individuals were to lose access due to disenrollment the fiscal impact could be as high as \$3.8 million, as shown in the attachment. The provisions of HB 289 allow a one-year save harmless for students that had already reached the age of 22 in FY18 and were not dis-enrolled after the third reporting date of the current FY18.

HB 289 includes a temporary provision that indicates the intent of the legislature to enact laws providing \$3.0 million to the Higher Education Department (HED) to provide adults with: education services, materials and high school equivalency testing (adult basic education services). There is no obligation for future legislative action or such an appropriation to occur.

HB 289 does not propose changes to sections of the Public School Code regarding either open enrollment of any resident of the state who has received a high school diploma or equivalent, subject to space (22-1-4 B NMSA 1978) or open enrollment of any other individual, subject to statutorily mandated priorities for enrollment (22-1-4 G NMSA 1978). This creates a potential policy environment in which school districts or charter schools may have to accept individuals age 22 or older into classrooms with available space and receive no funding to offset the cost of education.

SIGNIFICANT ISSUES

The definition of qualified students impacts other definitions in the Public School Finance Act to determine students and programs that can be counted for funding purposes; notably membership

or MEM. HB 289 would have statewide fiscal impacts totaling approximately \$3.88 million. However, students who do attend secondary education over the age of 22 tend to be in alternative credit recovery programs or receiving special education services. Where students 22 and older are grouped all in one location or program, not receiving funding for those students could be detrimental to the respective program. For example, Gordon Bernell Charter School offers high school diplomas to incarcerated individuals, and the loss of students aged 22 or older could be detrimental to that school's operating revenues. Eliminating funding for students may have a minimal impact to state funding but a very large impact to Gordon Bernell and similarly situated programs.

Current law only places an age limit on special education students. By removing the special education language, HB 289 places a statewide age limit of 22 for K-12 in the traditional public school setting. If the provisions of HB 289 were to become law, students over the age of 22 would receive services for basic education and high school equivalency through other delivery models, including HED's Adult Basic Education services.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

PED would be required to monitor age data in STARS membership reporting – a new oversight requirement. This could possibly result in changes to the STARS user manual, change requirements on school districts and charter schools regarding reporting of student age (to receive greater scrutiny on limits) and require possible PED STARS Bureau personnel or other changes to the STARS database.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

In 2003 and 2004, the Adult Basic Education Fund was recompiled and amended to move administration from the PED to HED (21-1.7.5). The fund and other sections of state statute (21-1-26.11 and 21-1-27.8 NMSA 1978) task HED with creating a formula for distribution of adult basic education funds and instructional materials. This had the practical effect of making adult basic education (credit recovery, high school equivalency and other K-12 education services for adults) the purview of HED.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Students in alternative education and charter schools with adult education programming will continue to receive state funding.

AMENDMENTS