

LFC Requester:	Sunny Liu, LFC
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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** 01/25/18
Original **Amendment** _____ **Bill No:** HB48
Correction **Substitute** _____

Sponsor: Representative Dennis J. Roch **Agency Code:** 924
Short Title: PRIOR YEAR DATA FOR SCHOOL DISTRIBUTIONS **Person Writing:** Marian Rael
Phone: 827-3863 **Email:** Marian.rael@state.nm.us

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		

(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-48 amends 22-25-9 of the Public School Capital Improvements Act (PSCIA) to require the Public Education Department (PED) to use prior year data for determining the state match distribution to school districts. Instead of the PED using current year program units this bill will require PED to use the average of the district’s prior year second and third reporting date units.

HB-48 is endorsed by the Public School Capital Outlay Task Force.

FISCAL IMPLICATIONS

State matching funds in FY17 for PSCIA, also known as the SB-9 levy, were \$18,830.9 to 87 school districts. Funds from the PSCIA are the primary source for school districts to provide maintenance to their school buildings. If this bill is enacted school districts will have access to their state match funds at the beginning of every fiscal year.

SIGNIFICANT ISSUES

Current language in the PSCIA requires the PED to use current year 40th day program units and current land valuations to calculate the state match calculations. 40th day program units are not finalized until late December and final land valuations are not finalized until late January, therefore the state match calculations are not calculated until early February of every fiscal year. This does not give school districts access to these funds until after the school year is more than halfway over. Moving to prior year data will allow the PED to make the calculations at the beginning of the fiscal year and give school districts access to their state match funds at the same time.

The Public School Capital Outlay Council is required to certify to the State Board of Finance, every May, the amount of funds that will be necessary to fund the state match program under the PSCIA so that bonds can be sold in June. Moving to prior year data could allow the certification to be the exact amount that is needed instead of using a projected amount which ties up dollars from the fund that could be used towards other capital outlay projects awarded by the Public School Capital Outlay Council. Using the average program units from the prior year second and third reporting dates will not allow the PED to certify to the State Board of Finance the exact amount needed in May due to the timing of when the certification is due and when the average program units are calculated. In order for the PED to calculate the exact amount so no funds are tied up, the legislature may consider amending language to use prior year 40th day program units.

TECHNICAL ISSUES

The PED does not calculate program units on the second reporting date. The PED collects membership data on the second and third reporting dates and uses the average of this enrollment data to generate program units at the 120th day also known as the funded run. Language in the bill may need to be revised to reflect the use of these program units since second reporting date program units do not exist.