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**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 03/03/23

Bill No: [HB199/aHAFC](#)

**Agency Name
and Code**

Sponsor: Baca

Number: PED - 924

Short Title: INCREASE SCHOOL AT-RISK INDEX

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$38,769.6	\$38,769.6	\$77,539.2	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Relates to Appropriation in the General Appropriation Act: None

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of HAFC Amendment: The House Appropriations and Finance Committee amendment to House Bill 199 (HB199/aHAFC) would modify the state equalization guarantee (SEG) to decrease the cost differential used to calculate program units for at-risk students from .35 in the

original bill to .33 in the amendment. Both reflect an increase from the current .30 at-risk index weight.

Synopsis of Original Bill: House Bill 199 (HB199) would modify the state equalization guarantee (SEG) to increase the cost differentials used to calculate program units for at-risk students, fine arts education, and minimum compensation for school administrators.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the Legislature enacting them, unless a later date is specified. If enacted, this bill would become effective June 16, 2023.

FISCAL IMPLICATIONS

HB199/aHAFC does not contain an appropriation.

HB199/aHAFC would increase the number of program units generated by school districts and charter schools through the public-school funding formula and increase minimum compensation for all school administrators.

A school district's at-risk index is based on the three-year average rate of the percentage of student membership who are from low-income families, the percentage of students who are English learners, and student mobility. Increasing the at-risk multiplier from 0.30 to 0.33 would alter the funding formula program units. PED analysis estimates that the increase of unit value from 0.30 to 0.33 would create an additional 5,776.014 program units in FY24, at an estimated cost of \$31.9 million (based on the FY23 final unit value).

Fine arts programs provide direct instruction and extracurricular activities in music and visual arts. HB199/aHAFC would increase the fine arts factor from .05 to .055, which will increase the units for those schools offering fine arts programming. For example, in FY23, the funding formula generated 7,541.250 in final program units for elementary fine arts, at a total of \$41.6 million. Based on FY23 enrollment, HB199a would create an additional 659.45 program units for FY24, at an estimated increased cost of \$3.6 million, for a total of \$45.2 million. Currently, one school district and 16 charter schools do not offer a fine arts program and therefore do not generate funds through the fine arts factor and would not see any fiscal benefit from the passage of HB199a.

Increasing the administrative responsibility factors by 0.05 would increase minimum compensation for school administrators by \$3,500, at a total cost of \$3.285 million. Research indicates that recruiting and retaining high-quality teachers and principals is important for meeting the needs of students and improving student academic outcomes. School leaders are critical to improving student outcomes and the increased responsibility factor is important for recruiting high quality school leaders. The current principal responsibility factor level might lead to level 3 teachers experiencing a decrease in salary or a decrease in daily rate when becoming a principal. This statutory change is likely to encourage more teachers to seek administrator licensure and seek principalships. If the proposed legislation is not passed, the current minimum principal salaries will remain in place, potentially leading to continuing problems with retention and recruitment of school administrators.

Principal by Grade Level	FY22	FY23	Proposed FY24	Proposed Responsibility Factors in HB199a
Elementary Principal	\$72,000	\$84,000	\$87,500	1.25
Elementary Assistant Principal	\$66,000	\$77,000	\$80,500	1.15
Middle School Principal	\$84,000	\$98,000	\$101,500	1.45
Middle School Assistant Principal	\$69,000	\$80,500	\$84,000	1.20
High School Principal	\$96,000	\$112,000	\$115,000	1.65
High School Assistant Principal	\$75,000	\$87,500	\$91,000	1.30

Source: PED Files

SIGNIFICANT ISSUES

HB199/aHAFC would increase the:

- At-risk index factor from 0.30, currently, to 0.33, beginning in FY24;
- Fine arts education cost differential factor from 0.05, currently, to 0.055, beginning in FY24; and
- Administrative responsibility factor by 0.05, so that the responsibility factor for:
 - o an elementary school principal would increase from 1.20 to 1.25;
 - o a middle or junior high school principal would increase from 1.40 to 1.45;
 - o a high school principal would increase from 1.60 to 1.65;
 - o an assistant elementary school principal would increase from 1.10 to 1.15;
 - o an assistant middle or junior high school principal would increase from 1.15 to 1.20; and
 - o an assistant high school principal would increase from 1.25 to 1.30.

Providing additional funding through an increase in the at-risk index factor has the potential to improve outcomes for students who are English language learners, who are from low-income families and who experience increased mobility.

Providing additional funding for fine arts may increase student exposure to fine arts, may increase interest in school generally, and thereby improve attendance and educational outcomes.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to: [HB194, Public School Finance Changes](#), which would create a K-12 Plus factor,

increase the minimum number of instructional hours for both primary and secondary students, increase responsibility factors by a percentage of the family income index, repeals the K-5 Plus and extended learning time programs, and raise the at-risk factor to 0.33.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.