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HOUSE MEMORIAL 98

51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013

INTRODUCED BY

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A MEMORIAL

REQUESTING THE LEGISLATIVE EDUCATION STUDY COMMITTEE, THE
LEGISLATIVE FINANCE COMMITTEE AND THE PUBLIC EDUCATION
DEPARTMENT TO COOPERATE IN A STUDY OF THE FUNDING FORMULA,
INCLUDING THE FAIRNESS OF PROPERTY TAX MILLAGE VERSUS IMPACT
AID AND FOREST RESERVE CREDITS AND OTHER ISSUES RAISED IN
LEGISLATION SINCE THE LAST FUNDING FORMULA STUDY.

WHEREAS, the current public education funding formula was
created in 1974 and was considered one of the most innovative,
equitable school finance plans in the country; and

WHEREAS, the formula is based on the premise that all
students should have equal access to programs and services
appropriate to their educational needs regardless of geographic
location or local economic conditions, and it is supposed to
provide equalized funding for all school districts; and

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1 WHEREAS, the state equalization guarantee, which is the
2 distribution of state money for education, is computed by
3 determining each school district's or charter school's total
4 program units, based on certain factors, including membership
5 and certain needs of students like bilingual or special
6 education; the program units are then multiplied by the
7 training and experience of teachers and other professional
8 staff, which product is then multiplied by the unit value to
9 derive the program cost; and

10 WHEREAS, essentially, the state equalization guarantee is
11 a school district's program cost minus revenue credits; and

12 WHEREAS, the federal government gives money to school
13 districts in which lie national forests, known as forest
14 reserve funds, or in which lie federal land or federal
15 reservations, including military bases and tribal lands,
16 commonly known as "impact aid" or "P.L. 874" funds, and the
17 state takes credit for seventy-five percent of these receipts
18 in the same way that it takes credit for money raised by school
19 districts in the imposition of the half-mill levy property tax;
20 and

21 WHEREAS, when local property tax accounted for a bigger
22 share of the public education revenue stream, the credit taken
23 for impact aid was a more equitable proposition; however, now,
24 the poorest and most economically disadvantaged districts are
25 contributing the biggest percentage of local revenue to the

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1 statewide school budget. This inequity is demonstrated in the
2 following table, which shows the statistics of three wealthy
3 school districts and three impact aid school districts, using
4 the number of students, the percent of total state membership
5 that those students represent, the percent of budget
6 contributed by each school district and the credit per student:

<u>District</u>	<u>Students</u>	<u>% of Total</u>	<u>% of</u> <u>Contribution</u>	<u>Credit per</u> <u>Student</u>
9 APS	92,456.75	28.77%	4.542%	\$40.39
10 Rio Rancho	16,346.75	5.09%	0.578%	\$29.07
11 Santa Fe	13,862.50	4.31%	1.154%	\$68.44
12 Central	6,225.50	1.94%	17.871%	\$2,359.85
13 Gallup	11,824.75	3.68%	28.901%	\$2,009.22
14 Zuni	1,388.50	0.43%	5.574%	\$3,299.84;

15 and

16 WHEREAS, the legislature funded a multiyear task force to
17 study the current funding formula, and, after its study, the
18 task force proposed a new, simpler funding formula that
19 promised both horizontal and vertical equity; however, the new
20 formula's implementation would have required more money, and,
21 unfortunately, the proposal came before the legislature at
22 about the same time as the economic crisis; and

23 WHEREAS, there have been attempts during this and several
24 immediately preceding legislative sessions to make significant
25 changes to the funding formula, without the issues and

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1 potential consequences having been studied;

2 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF
3 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the legislative
4 education study committee, the legislative finance committee
5 and the public education department be requested to cooperate
6 in a study of the funding formula and the twin issues of
7 formula equity and impact aid credits, as well as other
8 proposed changes to the current formula that have been put
9 forth since the task force reported to the legislature,
10 including special education maintenance of effort, small school
11 size adjustment and other issues; and

12 BE IT FURTHER RESOLVED that the legislative education
13 study committee take the lead in conducting the study, actively
14 assisted by the other two partners, and that the three entities
15 involve school superintendents, district financial officers,
16 impact aid and forest reserve recipient school districts,
17 charter schools, teachers and other education and educational
18 finance experts; and

19 BE IT FURTHER RESOLVED that the committees and the
20 department report to the legislature by January 1, 2014 on
21 their recommendations for changes to the current funding
22 formula; and

23 BE IT FURTHER RESOLVED that copies of this memorial be
24 transmitted to the director of the legislative education study
25 committee, the director of the legislative finance committee

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1 and the secretary of public education for appropriate
2 distribution.

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