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House Joint Resolution One Before Committee Today, Preserves School Funding

Representative Jim Trujillo's House Joint Resolution One places a constitutional amendment on the November 2012 ballot to continue allowing the 5.8% distribution from the state land grant permanent fund begun in 2003 to continue indefinitely. This measure will be heard by the House Taxation and Revenue House Taxation and Revenue Committee this afternoon.

Some points in support of this idea:

1. If the distribution from the land grant permanent fund for public schools were 5% this year, rather than the current 5.8%, some \$60 million dollars would be added to the cut to school funding anticipated in all proposed budgets. The legislature would have no ability to make up this amount from the general fund without substantial revenue increases.
2. When the original constitutional amendment was conceived in 2003, it was assumed that support from the general fund would continue to increase; gradually completely replacing the additional funds created by the increased distribution rate and allowing the reduction of the rate to 5% by 2017 since the natural increase in general fund revenues would have more than replaced these funds. No one anticipated that general fund support for the public schools would have three years of steady decline!
3. Should the 5.8% distribution level be allowed to sunset and the fund fail to show a return in the 8.5% range, public school funding from the fund would be greatly reduced and require even heavier commitment from a challenged general fund to avoid precipitous and devastating drop in school funding.
4. If the rate of return is realized, continuing the 5.8% distribution rate would actually move the legislature toward the increase that the 2008 funding formula task force indicated was required to provide sufficient funding of public schools. By 2019 the \$350 million increase called for in 2008 would be achieved, not enough to overcome the years of underfunding, but a good effort nonetheless.
5. Clearly the 5.8% distribution rate has not endangered the corpus of the fund; it has continued to increase. The amendment would be logical to the voting public. Simply continue current practice of distribution and continue to help grow school funding without increasing taxes. If the amendment fails or is not sent to the public, it is clear that school funding will, in the worst case scenario, decrease or in the best case scenario, increase at a much slower rate in the near term, preventing the movement toward sufficient funding without a major effort from the general fund.

Budget Proposals All Cut, Cut, Cut

The budget recommendations of the Governor, the Legislative Finance Committee (LFC), and the Legislative Education Study Committees (LESC) all recommend cuts to public school spending.

Although the LESL budget for basic school funding through the State Equalization Guarantee is slightly higher than the other two, it still recommends a cut of \$26.8 million plus an additional cut of \$27.7 million to force school employees to pay an additional 1.75% of salary as retirement system contributions for total cut of \$54.5 million.

The LFC budget cuts \$47.6 million plus the \$27.7 in the retirement increases for a total \$75.3 million cut.

The Governor cuts \$29.5 plus a new twist on the retirement increase by holding classroom personnel (teachers and educational assistants) harmless from the increase that is estimated as between \$10 million and \$16 million. So the Governor's cut is between \$39.5 million and \$45.5 million. The Governor asserts that \$30 million of her proposed cut can come out of public school "administration."

While all the cuts are unconscionable, the Governor does at least attempt to prioritize public school funding.

The Constitution and School Funding

New Mexico's Constitution in Article XII section one mandates that the state create and fund our public schools by stating:

"A uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained."

We've got the established part down, it's the "maintained" portion where the legislature has been falling short! The cuts of recent years have made the quest for sufficient funding even more remote. Tell legislators that it's not just the right thing to do when they fund our schools; it's their constitutional duty!

Section two and four of Article XII create the permanent and current school funds from the proceeds of state lands given to New Mexico upon its entry into the Union. The permanent school fund is usually referred to as the Land Grant Permanent fund and the constitution further restricts how these funds can be spent by stating in section 3:

". . . no part of the proceeds arising from the sale or disposal of any lands granted to the state by congress, or any other funds appropriated, levied or collected for educational purposes, shall be used for the support of any sectarian, denominational or private school, college or university. "

In a special election in 2003 we increased school funding by allowing an increase in the portion of investment income that we spend rather than save. That constitutional amendment moved the amount from 4.7% to 5% permanently and temporarily increased it to 5.8% through 2012 and 5.5% through 2017 when it drops back down to 5%. When and if these decreases occur base funding for public schools will drop by about \$10 million dollars for each tenth of a percent. We need to head off these drops in funding by making the 5.8% permanent before the decreases begin. Representative Jim Trujillo has proposed a constitutional amendment to do just that. House Joint Resolution 1 will make the 5.8% permanent and prevent the cuts to school funding that will occur in 2012 and 2017. It's first hearing is in the House Taxation and Revenue Committee. Let committee members know how important this amendment is to prevent even more cuts to school funding.

When Does Getting More Money for Early Childhood Become a Bad Idea?

Speaking of the Constitution, some very good people with some very good motives have come up with a very bad idea! Early childhood advocates want to use the permanent fund described above to fund their programs, many of which are provided by private and religious entities! They plan a competing amendment to cut school funding to 5.5% permanently and raise an additional 1.5% from the permanent to spend on early childhood programs. That raises the payout from the fund from the current 5.8% to 7%. The cut to school funding is bad enough, but giving the funds to private and religious providers would require changing the provision in Article XII section 3 that forbids "support of any sectarian, denominational or private school, college or university. " This opens the door to school vouchers and other raids on funds intended for public schools! You may have seen the reports of the "yellow umbrella" rally for early childhood. What you probably didn't know is that it's your money they want!

While supporting early childhood programs is a good idea, the funding mechanism that these advocates seek devastates a major part of school funding and must be opposed. Tell legislators not to put school funds in jeopardy even for a very worthy cause! Tell them to support all programs for children, public schools and early childhood supports in a legal and constitutional manner.

Members of the House Business and Industry Committee Refuse to Help Fund Schools or Control Alcohol Consumption

Representative Mary Helen Garcia proposed House Bill 23 to increase the tax on alcohol consumption and to fund public schools. The measure would have added nearly \$80 million dollars to the public school funding for local school districts and would allow the legislature to avoid the cuts described above. Polling done for the NM Education Partners and other groups has consistently shown that the public supports increasing this tax to fund public schools. Studies have shown that raising liquor excise taxes reduces underage and binge drinking, likely leading to a lower incidence of DWI and alcohol-related injuries and fatalities. This bill would have been good public policy and good for schools, but members of the House Business and Industry Committee choose to support the liquor industry instead of helping schools or reducing DWIs and soundly defeated this proposal!
