

February 13, 2013

## The House Education Committee Finishes House Bill 3, but Not Without Partisan Disputes

The House Education Committee completed work on House Bill 3, its version of educational funding last Friday. Chair Mimi Stewart also recommended increasing compensation by half a percent to 1.5% and maximizing funding flowing through the funding formula. We supported these moves as the best way to make sure that all school districts and children are treated equitably. This meant that many of the Governor's pet projects, like merit and reading assistance targeted to a handful of specific districts had to be sacrificed to increase funding equity for all districts. Representative Stewart also proposed House Bill 459 to attempt to help get New Mexico out of hot water with the federal for failing to properly fund special education since 2009.

Legislators learned last week that the state could lose millions of dollars in federal funding for special-education programs because the legislature failed to meet maintenance of effort requirements for the grants. Usually federal grants are supposed to be to augment, not replace, state funding. Thus they generally require that states maintain their own funding efforts as a requirement of receiving the grants.

The U.S. Department of Education says the state has failed to meet "maintenance of effort" requirements

The state Public Education Department acknowledges New Mexico said it had sought a waiver from the requirements for fiscal years 2010 and 2011, but it recently learned it might not receive that waiver.

Legislators and education advocates alike were stunned by the revelation and expressed concern about its effect on the state's education budget.

New Mexico's liability would be about \$53.7 million for fiscal year 2010 and about \$39.7 million for fiscal year 2011 — a total of more than \$93 million.

House Bill 459 would not change how special education units are calculated or distributed to districts; it would, however create a mechanism to allow the federal department of education to "see" our effort in funding. It also requires that some \$30 million dollars come out of reserves to add additional funding for special education this year. We support House Bill 3 and House Bill 459 as passed out of the House Education Committee on Friday morning.

Unfortunately Republican members of the House Education Committee appear to have received new marching orders since their cooperative stance regarding House Bill 459 on Wednesday. They sought to torpedo the chair's hard work and put the Governor's projects back in the budget. Both Bills passed on straight party line votes after much partisan rankling. Both bills go to the House Appropriations and Finance Committee, for a hearing Monday afternoon. This committee will incorporate school funding into the General Appropriations Act, House Bill 2. This may happen as early as this weekend!

The version of House Bill 3 created in the House Education Committee is in grave danger of being dismantled in the House Appropriations and Finance Committee, contact Members now with this message:

When you develop Public Education Funding, fund increased salaries and benefits (including the necessary district health insurance increases) and put maximum funding "above the line" in the School Equalization Guarantee, not "below the line" in the Governor's or the Legislative Finance Committee's pet projects (like merit pay, funding formula changes, and third grade retention)! Support House Bill 459 to help New Mexico avoid Federal funding cuts for special education. Fund the required increase in retirement contributions to support House bill 64 and Senate Bill 115.

## House Joint Resolution 10 in House voters and Elections Committee Tomorrow

Representative Jim Trujillo's House Joint Resolution 10 (HJR 10) is scheduled to be heard in the House Voters and Elections Committee tomorrow. If passed, it will place a constitutional amendment on the November 2014 ballot allowing the 5.8% distribution from the state land grant permanent first granted in 2003 to continue indefinitely. Ask members of the House Voters and Elections Committee to support this important funding measure. The funding level dropped to 5.5% this year and to 5% in 2016. This year's drop represents some \$20 million dollars in public school funding that would have been available for the current year..

### Some points in support of HJR 10:

1. Raising the distribution back to 5.8% will add some \$100 million new dollars in the first year of implementation.
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 5.5% 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 2020 about \$300 million would be added per year, not enough to overcome the years of under funding, but a good effort nonetheless.
5. Clearly neither the 5.5% nor 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.
6. We are not asking the public to approve a tax increase, just return to the status quo based in 2003. Not passing this measure won't lower taxes, and in the long run will likely require a tax increase to prevent further cuts to public schools.

Ask members of the House Voters and Elections Committee to support HJR 10.