

### LESC Alternatives to Government Restructuring Task Force Proposals

Proposal	Description of LESG Proposal	Potential FY 12 Savings (\$ thousands)	Notes
1 GRTF: Change provisions for small school size and small district size units. LESC: Eliminate small school size units for schools claiming more than one school in one facility.	Many small communities operate a kindergarten through 5 <sup>th</sup> grade elementary school, a 6 <sup>th</sup> grade through 8 <sup>th</sup> grade middle school, and a 9 <sup>th</sup> grade through 12 <sup>th</sup> grade high school in the same facility. There are other examples in more urban areas of schools operating as single schools, but claiming size adjustments for different grade levels. Similar examples are found in the charter school community as well.	TBD	A complete list of all schools operating in one facility that claim size adjustments as separate schools is needed.
2 GRTF: Change provisions for small school size and small district size units. LESC: Consider capping Size Adjustment and/or Growth Units <i>Should be done by PED</i>	If size and growth units were capped at the district/charter's K-12 enrollment units, this would save about \$2.6 million. Another option would be limiting growth and size adjustment units by capping them further to no more than XX percent of a district or charters other units; or YY percent of their K-12 enrollment units.	\$2,640.8	
3 GRTF: Strike language in the constitution that gives PED Secretary the responsibility to distribute and account for public school funds. LESC: Develop and fund PED budget with separate programs for Finance and Program functions	Appropriate funds and authorize FTEs separately to two PED functions: Program and Finance. Limit Budget Adjustment Request (BAR) authority between the two functions. <i>make sure FTE stay in budget.</i>		
4 GRTF: Move financial oversight from PED to DFA. LESC: Transfer PED's Office of Inspector General (OIG) FTEs to Office of the State Auditor to oversee public and higher education.	Pending recommendation LESG School Finance Work Group		

### Public Education-Related Potential Cost Saving Measures (per LESG meeting 10/29)

Policy Option	LESC Description	Potential FY 12 Savings (\$ thousands)	Notes
5 Reduce Instructional Days	Estimate based on FY 11 budgeted operations and pupil transportation expenditures	\$12,890.0	per 1 day
6 Reduce Professional Days	Estimate based on FY 11 budgeted operations, except for expenditures unique to instructional days, such as busing, food services, and student support	\$11,250.0	per 1 day
7 Delay ERB (Education Retirement Board) Employer Contribution Increase	To maintain a flat budget in FY 11, a further delay of the employer's increased ERB contribution would be required. This would not result in additional savings. (2005 legislation was enacted to increase the employer's contribution by 0.75 percent per year for seven years (FY 05-FY 12), and the employee contribution by .075 percent per year for four years (FY 05-FY 09). The FY 11 employer contribution increase was delayed with 2010 legislation.) (Estimate based on 2010 legislation)	\$0.0	If not extended, General Fund (GF) impact would be approx. (\$11,900)
8 Phase in ERB Employer Contribution Increase	Pending recommendation of the Retirement Systems Solvency Taskforce: Phase in a six-year \$6 million/year ERB employer's contribution increase for six years, rather than delaying the increase	(\$6,000.0)	
9 Extend ERB Contribution Swap	To maintain a flat budget, a two-year 1.5 percent swap that ends July 1, 2011 would need to be extended to keep the GF budget flat, or increased to realize a GF savings. (Based on savings in FY 10)	\$0.0	If not extended, GF impact would be approx. (\$23,193.4) (FY 10 savings)
10 Increase ERB Contribution Swap	Increasing the Employee-Employer ERB contribution swap by an additional 1.5 percent would further reduce the obligation to the General Fund. (estimate based on FY 10 for Public School Support)	\$23,193.4	An additional 1.5 percent swap. Based on FY 10 savings, requires updated estimate.

**Public Education-Related Potential Cost Saving Measures (per LESC meeting 10/29)**

Policy Option	LESC Description	Potential FY 12 Savings (\$ thousands)	Notes
1.1 Elementary Breakfast Funding: Amend provisions to provide a priority to non-Provision II schools.	If funds are appropriated, award Elementary Breakfast funds only to non-Provision II schools because Provision II schools already receive money that can be used for breakfast. (Those that provide meals to all of their students, and use operational dollars to pay for those meals that are not paid for by the USDA.) (Based on FY 11 allocation)	\$1,085.0	11
1.2 High School Graduation/Standards-Based Assessment	Using the 11 <sup>th</sup> grade NMSBA for NCLB purposes but not using it as a required graduation assessment would eliminate the costs of students retaking the exam. PED provide cost savings estimates based on a retest rate of 66.5 percent which would save \$1,754,464 in FY 11 and \$2,530,156 in FY 12. (Based on PED estimates)	\$2,530.2	12
1.3 Eliminate Double Funding of New Charter School Students	For FY 11, PED's Charter School Division (CSD) approved eight new charter schools. An analysis using the state average of 1.8 units per student for FY 10, and the final FY 10 unit value of \$3,792.65, and a conservative estimate that 80 percent of the projected students enrolled will be from traditional public schools, estimated the double funding to be almost \$6.5 million. For FY 12, two new charters were approved, so the double funding estimate would be significantly lower, perhaps one-fourth of the initial FY 11 estimate or \$1,625,000. However if higher number of new charters schools are approved in the future, the double funding estimate would rise again.	\$1,625.0	13
1.4 Capture unspent Graduate New Mexico funds and reallocate to public school support.	The executive allocated approximately \$9.4 million in discretionary federal stimulus funds to Graduate New Mexico.	TBD	According to Office of Recovery and Reinvestment, on November 10th, approximately \$1.1 million dollars have been expended.
1.5 Reduce Administrator Salaries	Reduce salaries of superintendents (1111), Administrative Associates (1113), and Associate Superintendents and Finance/Business Managers (1115). Reductions are based on the 1 percent table for FY 11 , and the estimate would need to be updated for FY 12 when PED prepares the 1 percent table for FY 12.	\$363.2	1 percent Salary Reduction 15
1.6 Ancillary Workload Calculation	Require districts to (1) Limit the number of FTEs permissible to 1.5 times the number of FTEs allowed for in the guidelines; and (2) request waivers if their ancillary FTEs exceed allowable FTEs based on PED guidelines. ( Based on FY 10 Final Funded and PED guidelines on maximum case loads )	\$3,036.0	16

**Potential Public School Operational and Efficiency Measures (per LESC meeting 10/29)**

Efficiency Option	LESC Description	Potential FY 12 Savings (\$ thousands)	Notes
17 Extend and possibly increase LGPF Distribution <i>person fund</i>	In FY 13-FY 16, the percent distribution from LGPF is decreased from 5.8 percent to 5.5 percent. If one assumes the average five year market value of the fund is \$10 billion, then this would result in about \$30 million less distributed to beneficiaries in FY 13.		no \$ in FY 12
18 Enhance qualification criteria for Emergency Supplemental funding	Amend provisions in current law to require <u>Board of Finance</u> review/approval for awarding emergency supplemental funds.		
19 Moratorium on all new schools	A moratorium (time frame TBD) on new traditional and charter schools to save the costs to the district and the state of constructing and starting up new schools. Allow "escape clause" to permit new schools in high-growth areas.		
20 Moratorium on new branch campuses/learning centers	A moratorium (time frame TBD) on new branch campuses/learning centers to save the cost to the state of constructing and opening these facilities.		
21 Repeal/Delay 180 school days bill	Repeal/Delay 2009 legislation that would have required 180 or 150 instructional day calendars for 5-day and 4-day per week districts, respectively.		
22 Revert Excess Credits to State Support Reserve Fund to maintain \$10 million balance set in law.			
23 Amend provisions to make Public School Fund Non-reverting			
24 RECs: School Improvement Pilot Program	Consider a pilot program using RECs to work with schools in need of improvement		
25 Administrative Functions Pilot Program	This is a potential recommendation of the LESC School Finance Work Group	TBD	
26 Amend the higher education census date to later in the semester.	Fund based on course completions rather than course enrollments. This could reduce the funding of dual credit classes that are dropped.		
27 Study Public School Transportation Formula	2009 LESC endorsed legislation was vetoed.		
28 Amend Instructional Material law to change Adoption Cycle from six to eight years			
29 Increase Legislative Retirement Contributions	Increase contributions from \$500 to \$600.		