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LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS
57th Legislature, 2nd Session, 2026

Bill Number	<u>HB161</u>	Sponsor	<u>Sena Cortez</u>
Tracking Number	<u>.232940.1</u>	Committee Referrals	<u>HEC/HAFCS</u>
Short Title	<u>Change K-12 Program Unit Calculation</u>		
Analyst	<u>Montoya</u>	Original Date	<u>2/3/2026</u>
		Last Updated	<u></u>

BILL SUMMARY

Synopsis of Bill

House Bill 161 (HB161) amends the Public School Finance Act (Section 22-8-23 NMSA 1978) to codify minimal instructional hour thresholds for schools to be considered a K-12 Plus school (K-12 Plus is the state's extended school year program) and revises how K-12 Plus program units are calculated for public schools operating on four-day or five-day calendars. The bill would shift the calculation from instructional days to instructional hours and update the methodology and factors used to determine the number of K-12 Plus program units generated.

These changes would take effect beginning in the 2026-2027 school year (SY27).

FISCAL IMPACT

HB161 does not contain an appropriation.

There appears to be a potential technical issue in the K-12 Plus calculation proposed by this bill, which will be discussed in greater detail within the substantive issues and technical issues of this analysis. As written, HB161 would increase the number of K-12 Plus program units generated under the funding formula without increasing the state equalization guarantee (SEG) appropriation. As a result, the additional units would dilute the statewide unit value and reallocate existing funding across school districts based on the revised unit calculations, without changing the total amount of funding available statewide.

The House Appropriations and Finance Committee Substitute for House Bills 2 and 3 (HB2/HAFCS) does not include an increase to support additional K-12 Plus program units. Analysis provided by the Public Education Department (PED) estimates an increase in K-12 program units resulting from enactment of HB161, if the potential technical issue is addressed, with approximately \$30 million in additional funding needed to offset the potential increase in K-12 Plus program units.

SUBSTANTIVE ISSUES

The State Equalization Guarantee. The SEG, New Mexico’s public school funding formula, is calculated by first determining how many weighted program units are generated statewide based on student enrollment and characteristics such as grade level, at-risk status, special education, and extended learning programs like K-12 Plus. The Legislature then appropriates a total amount to the SEG, and a unit value (preliminarily at \$6,801.35 for SY26) is set by dividing that appropriation by the total number of forecasted units. Each school district’s and charter school’s program cost equals its units multiplied by the unit value. [The LESC 2026 Annual Report](#) (page 130) provides a visual representation of the FY26 SEG calculation, including special program units, such as K-12 Plus units.

Current Calculation. Under Section 22-8-23.14 NMSA 1978, a school operating on a five-day calendar must offer a minimum of 180 instructional days, and a school operating on a four-day calendar must offer a minimum of 155 instructional days, to qualify as a K-12 Plus school.

The statutory method for calculating K-12 Plus program units (Section 22-8-23.4 NMSA 1978) uses a two-tier formula. The base calculation multiplies a school’s student membership (MEM), defined as the number of qualified enrolled students reported on the 80th and 120th days of the school year, by a statutory cost differential factor and then multiplies this value by the number of instructional days above the minimum requirement. See **Table 1: Current K-12 Unit Formula**.

Under tier 1, instructional days above 180 and up to 190 for five-day schools, and above 155 and up to 165 for four-day schools, are multiplied by a cost differential factor of 0.012.

Under tier 2, instructional days above 190 and up to 205 for five-day schools, and above 165 and up to 175 for four-day schools, are multiplied by a cost differential factor of 0.016.

Table 1: Current K-12 Unit Formula

K12+ Tier 1			Current K12+ Tier 2		
Calendar	Days	Program Units	Calendar	Days	Program Units
5-day calendar	181-190	MEM*0.012*days	5-day calendar	191-205	MEM*0.016*days
4-day calendar	156-165		4-day calendar	166-175	

Source: PED

Proposed Calculation. HB161 would add instructional hour minimums to the existing instructional day requirements for K-12 Plus eligibility. Under the bill, a school operating on a five-day calendar would be required to offer at least 1,140 instructional hours in addition to the current minimum of 180 instructional days. Similarly, a school operating on a four-day calendar would be required to offer at least 1,140 instructional hours in addition to the minimum of 155 instructional days to qualify as a K-12 Plus school. The 1,040 instructional hour per year minimum is reflected in Section 22-2-8 NMSA 1978 and applies to all students, except those attending half-day kindergarten, who are required to receive a minimum of 550 instructional hours per year.

The methodology proposed by HB161 for calculating K-12 Plus program units also uses a two-tier formula. However, unlike current law, HB161 introduces an additional factor by incorporating the number of instructional hours offered by a school into the calculation. Under the base calculation, a school’s total instructional hours are divided by 5.5 to convert hours back into instructional days, and the resulting figure is then multiplied by a cost differential.

Under tier 1, instructional hours above 1,140 and up to 1,195, for both five-day and four-day schools are divided by 5.5 to convert hours into days. That result is then multiplied by the school’s MEM, multiplied by a cost differential factor of 0.012, and then multiplied by the number of instructional days offered by the school.

Under tier 2, instructional hours above 1,195 and up to 2,277.5 for five-day and above 1,195 and up to 2,255.5 for four-day schools are divided by 5.5 to convert hours into days. That result is then multiplied by the school’s MEM and then multiplied by a cost differential factor of 0.016, and then multiplied by the number of instructional days offered by the school.

Table 2: Proposed K-12 Unit Formula

K-12 Tier 1				K-12 Plus Tier 2			
Calendar	Days	Hours	Program Units	Calendar	Days	Hours	Program Units
5-day	180>	1,140-1,195*	Hours/5.5*MEM*.012*days	5-day	180>	1,195-2,277.5	Hours/5.5*MEM*.016
4-day	180>	1,140-1,195*		4-day	180>	1,195-2,255.5	

Source: LESC Files

Effects of Proposed Formula Revision. Under the proposed methodology, tier 1 calculations include an additional step that multiplies the result by instructional days. This step may be unintended, as the tier 2 methodology in HB161 removes instructional days from the calculation. Applying instructional days again in the tier 1 calculation would generate significantly more K-12 Plus program units than under the current statutory formula. In addition, the rationale for using a factor of 5.5 to convert instructional hours into days is not clearly explained. Please see **Appendix A: Comparison Between Current and Proposed K-12 Unit Calculation** for a sample of how this calculation would occur in select local education agencies with different schedules.

Outcomes Based on Assumed Formula Objective. According to PED analysis, by removing the additional instructional day multiplier in the proposed tier 1 calculation, HB161 would result in an additional 4,300 K-12 program units, as a majority of schools currently meet the minimum number of instructional hours. Taking the additional 4,381 K-12 units generated by HB161’s proposed methodology and multiplying it by the current the preliminary unit value of \$6,801.35 would result in an increase of \$30 million. Please see **Table 3: Projected Effects of HB161**.

Table 3: Projected Effects of HB161

	Program Units	Funding Generated*
FY26 K-12Plus	25,656.43	\$ 174,498,360.18
Projected Total	30,037.77	\$ 204,297,386.99
Increase	4,381.34	\$ 29,799,026.81

*Based on preliminary FY26 unit value of \$6,801.35.

Source: PED

TECHNICAL ISSUES

There appears to be a technical issue for the calculation of K-12 Plus tier 1 program units outlined in Section 1(B)(2) of HB161. This section appears to have the intention of converting instructional hours into days. However, current bill language incorporates the number of instructional days as a multiplier. This approach significantly affects how program units are calculated, and results in a significant number of K-12 units generated. This issue warrants further clarification or adjustment to ensure the formula functions as intended by the sponsor.

OTHER SIGNIFICANT ISSUES

Past Analysis of Instructional Hours. [An LESC analysis of 2022 assessment results](#) found that increases in instructional hours are associated with modest but statistically significant gains in student achievement in reading and math, even after controlling for students' economic disadvantage. Similarly, a [2016 Legislative Finance Committee \(LFC\) evaluation of time-on-task](#) reported comparable findings, while also observing stronger outcomes for schools that added instructional days. The evaluation emphasized that although the quantity of instructional time matters, the quality of that time is more influential. Students taught by effective, well-prepared teachers with strong classroom management consistently demonstrated higher performance on standardized assessments.

Collaborative informed Research. Restructuring school calendars in a transformative way is a complex undertaking and requires coordination and support across the New Mexico's many diverse political and administrative entities. Public schools are likely to benefit from collaboration between the PED and legislative staff to develop guidance for school districts on best practices for embedded enrichment and intervention. Ideally, such guidance could be shaped through collaborative research informed by a broad range of stakeholders, including PED, LESC, LFC, school districts, charter schools, community organizations, Native American tribes, nations and pueblos, and parents, ensuring that it reflects local context and priorities.

RELATED BILLS

Relates to *SB19, School Finance Unit Value Reset, which would give the secretary of PED until February 27, 2026 to set a final SEG unit value.

SOURCES OF INFORMATION

- LESC Files
- New Mexico Public Education Department (PED)
- Regional Education Cooperatives (RECs)

MAM/de/mca/jkh

Appendix A: Comparison Between Current and Proposed K-12 Unit Calculation*

District	School	Calendar	MEM	Days	Instructional Hours	Current K-12 Calculation			Proposed by HB161		
						Tier 1 Units	Tier 2 Units	Value**	Tier 1 Units	Tier 2 Units	Value***
Albuquerque	Apache Elementary School	5-day	325	190	1,205.70	39	0	\$ 265,253	7,410.00	10.12	\$ 50,466,808
Las Cruces	Arrowhead Park Early College High School	5-day	545	193	1,173.04	65.4	26.16	\$ 622,732	12,622.20		\$ 85,848,000
Penasco	Penasco Elementary School	4-day	109.5	170	1,215.50	13.14	8.76	\$ 148,950	2,233.80	6.53	\$ 15,237,270
Cobre	San Lorenzo Elementary	4-day	64.5	163	1,162.67	6.192	0	\$ 42,114	43,328.36		\$ 294,691,366

*This analysis uses a sample of four schools with four- and five-day calendars to illustrate potential effects across different schedules.

** Actual 2024-2025 school year K-12 program units generated, multiplied by the preliminary FY26 unit value of \$6,801.35.

*** Proposed unit generation multiplied by the FY26 unit value of \$6,801.35.

Source: LESC analysis of PED data