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FISCAL IMPACT REPORT

SPONSOR	Trujillo/Gurrola/Borrego/Herndon/ Figueroa	LAST UPDATED	
		ORIGINAL DATE	2/25/23
SHORT TITLE	School Class Load Sizes	BILL NUMBER	House Bill 413
		ANALYST	Liu

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$17,987.3 - \$22,479.4	\$17,987.3 - \$22,479.4	\$35,974.7 - \$44,958.7	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bills 36, 39, 127, 296

Sources of Information

LFC Files

Responses Received From

Public Education Department (PED)

Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of House Bill 413

House Bill 413 amends the School Personnel Act to reduce class sizes for high-poverty schools, require class sizes to be calculated as maximums rather than averages, provide class size exemptions for certain courses, create an online reporting portal for class size violations, and establish new class size waiver procedures. The effective date of this bill is July 1, 2023.

FISCAL IMPLICATIONS

The bill does not contain an appropriation but lowers class sizes for high-poverty schools. The bill defines high-poverty schools as a school with 75 percent or more of students being eligible for free and reduced-price lunch (FRL). Requiring high-poverty schools to provide smaller class sizes may require school districts and charter schools to hire additional teachers or educational assistants to meet new class load limits or move existing personnel from low-poverty schools to high-poverty schools. Current law allows averaging of class sizes for certain grade levels; however, this bill sets class size maximums for each classroom as such:

Grade Levels	Current Class Load: All Schools (No. of Students)	HB413 Class Load: Low-Poverty School (<75% FRL)	HB413 Class Load: High-Poverty School (>75% FRL)
Kindergarten	20 per class	20 per class	18 per class
1 st Grade	22 averaged across 1 st , 2 nd , and 3 rd	20 per class	18 per class
2 nd and 3 rd Grades		22 per class	20 per class
4 th , 5 th , and 6 th Grade	24 averaged across 4 th , 5 th , and 6 th	24 per class	22 per class
7 th and 8 th Grade English	135 per daily teaching load	125 per 9-week teaching load; 25 per class	110 per 9-week teaching load
7 th , 8 th , 9 th , 10 th , 11 th , and 12 th Grade	160 per daily teaching load	150 per 9-week teaching load	125 per 9-week teaching load

Note: Current law entitles kindergarten classes with more than 15 students or 1st grade classes with more than 21 students to an educational assistant; HB413 entitles any elementary classroom with more than 15 students to an educational assistant

The bill also requires every elementary classroom exceeding 15 students to be entitled to an educational assistant. LFC analysis of school grade level enrollment and school personnel data indicates school districts would need to hire an additional 208 teachers and 132 educational assistants to meet provisions of this bill. At an estimated \$60 thousand for a level 2 teacher and \$12 thousand educational assistant salary with a 28 percent fringe benefit rate, this would amount to nearly \$18 million. Charter schools would need to hire 51 teachers and 38 educational assistants, adding another potential \$4.5 million to the fiscal impact of this bill; however, current law requires PED to waive requirements pertaining to individual class load, teaching load, and staffing patterns for charter schools. As such, an additional \$4.5 million impact is added to the \$18 million school district impact as a range.

SIGNIFICANT ISSUES

The average class size in New Mexico was 15.1 students in FY23. Based on the latest data made available by PED, class size tends to vary by school and grade levels. A 2019 LFC evaluation found, across New Mexico school districts, average class size ranged from 23 to less than four. Average class size is correlated with district size, with smaller districts more likely to have smaller classes. Micro-districts, or school districts with fewer than 200 students, had an average class size of just 7.6 students. From FY12 to FY23, student enrollments decreased by 8 percent, with sharper declines in the last five years. With declining enrollments, statewide student-to-teacher ratios have remained relatively flat, dipping slightly from 15.2 in FY17 to 15.1 in FY23. However, seven districts saw significant increases in student-to-teacher ratios over the same period.

New Mexico has class size (or “class load”) requirements in statute. The average class load for teachers at an individual school cannot exceed 20 students for kindergarten teachers (teachers are entitled to an educational assistant for classes of 15-20 students), 22 students for first through third grade teachers, and 24 students for fourth through sixth grade teachers. It is not clear how many schools currently exceed class load requirements; however, given the averages, the number is likely low. Class sizes are more likely to be bigger, and potentially exceed requirements, in larger districts. While Albuquerque Public Schools operates under a negotiated agreement that allows for class sizes to exceed statutory limits, the agreement only permits elementary school class loads of one additional student over the limit.

Schools can receive waivers in certain circumstances—if there are no portable classrooms

available, no available funding for additional classrooms, and if the school district or charter school has a plan to increase capacity within one year—to exceed these limits. Based on information from PED, in FY16, 11 districts applied for waivers for a total of 18 schools. All waivers were approved. Statute stipulates that waivers “shall not be granted for more than two consecutive years.” However, some schools have received blanket, or recurring, waivers under a temporary provision that expired in FY20.

PED notes schools would likely not be able to meet the new requirements to provide educational assistants to all elementary classes with 15 or more students. This requirement currently only applies to kindergarten classes with 15 or more students and first grade classes with 21 or more students. As of September 2022, there were 446 educational assistant vacancies statewide.

PSFA reports many schools in New Mexico are operating with excess facility capacity, given enrollment declines in most school districts. In many cases, the excess capacity occurs in classrooms with low seat occupancy rates or vacant classrooms or classrooms repurposed with noninstructional activities. This is particularly true in rural areas where classroom seat occupancy rates could average anywhere from 30 percent to 60 percent per classroom (meaning a classroom that could seat 22 students only has an occupancy of 11 students). As a result, many schools can absorb the potential reduction in class size.

Although the changes in class loads in high poverty schools are slight, in some cases it could create demand in classroom space, particularly in schools and districts where growth is taking place. School wide classroom reductions could create the need for additional classrooms or utilization of portables to ensure space for all students. For example, school districts in the southeast part of the state (Hobbs, Carlsbad, Eunice) are almost all at or over capacity, with limited ability to absorb demands on space. Many charter schools operate at building capacity with limited space and flexibility to accommodate changes in their educational programs. Reductions in class loads in some charter schools could put a strain on these school’s facilities to comply with creating additional classroom space without an addition of portables. Some charters do not have the site or building to accommodate portable placement.

PERFORMANCE IMPLICATIONS

Class size reduction can have modest positive effects on student outcomes in early grades but is less cost-beneficial in later grades. The goal of class size reduction efforts is typically to increase the amount of individualized interactions between a student and the teacher. Class size reduction is often popular with policymakers, teachers, and parents—teachers may believe that smaller classes are easier to manage and parents may like the idea of greater attention for each student. A 2011 brief from the Brookings Institution found that, nationally, average pupil-to-teacher ratios (which are typically lower than average class-size-to-teacher ratios) have decreased by about 30 percent since 1970.

Evidence suggests smaller class sizes can improve academic outcomes, especially in kindergarten or first grade. For children who were in large kindergarten classes, a small first grade class can modestly improve outcomes. Reductions seem to especially benefit students who struggle in school, low-income students, and minority students, and smaller classes have smaller achievement gaps than larger classes. Analysis suggests positive effects are greater when teachers adopt—and when professional development supports—practices that take advantage of smaller class sizes, like increasing individual student interventions and interactions.

Summary of Class Size Reduction Interventions

Intervention	Evidence of Positive Impact	Benefit-to-Cost Ratio	Chance Benefits Will Exceed Cost	Effect Size on Test Scores	Effect Size on Graduation Rates
Class size reduction	Strong*				
<i>Reducing average class size by one student in kindergarten</i>		\$11	99%	0.052	0.018
<i>Reducing average class size by one student in grade 1</i>		\$7	93%	0.027	0.010
<i>Reducing average class size by one student in grade 2</i>		\$4	78%	0.014	0.006
<i>Reducing average class size by one student in grade 3</i>		\$3	69%	0.010	0.004
<i>Reducing average class size by one student in one grade, 4-6</i>		\$2	62%	0.007	0.003
<i>Reducing average class size by one student in one grade, 7-8</i>		\$2	59%	0.004	0.002
<i>Reducing average class size by one student in one grade, 9-12</i>		\$2	53%	0.004	0.003

* Indicates that program is included in a social policy clearinghouse

Source: Results First, using New Mexico assumptions

How ever, class size reductions typically have small effects, and while small classes, betw

een 15-19 students, appear to be most effective, there is little difference in outcomes for classes between 20 and 40 students. While students who are in smaller classrooms during early grades have a small advantage over their peers in later grades, the strategy, overall, is likely not a very cost-effective way to improve outcomes. Research suggests other interventions can improve achievement more cost effectively than class size reduction, which tends to be costly. For example, the Education Commission for the States points to tutoring as a more cost-effective intervention, likely because it targets increased educator attention to students who need it most. Estimates from the Pew Charitable Trusts’ Results First model support this assertion. The estimated benefit-to-cost ratio of reducing average kindergarten class size in New Mexico is over \$11:1, but this ratio drops in later grades, and the benefit for reducing class size in high school grades is less than \$2:1.

ADMINISTRATIVE IMPLICATIONS

The bill would require PED to create an online portal to allow teachers and parents to submit confidential reports of class load violations; permit PED to promulgate rules for the awarding of additional compensation to teachers who are asked to increase their class load over the permitted maximum; prohibit PED from approving budgets for school districts and charter schools that do not meet the required class sizes; and likely reduce the number of class-size waivers that the agency reviews because waivers would be limited to one per school.

RELATIONSHIP

This bill relates to House Bill 36, which increases school employer contribution rates for insurance; House Bill 39, which aligns dual-licensed instructional support provider salary minimums to the three-tiered licensure system; House Bill 127, which raises educational assistant salaries to \$25 thousand, and House Bill 296, which adds instructional support providers to the funding formula.

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