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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED _____ HB _____

SPONSOR SEC _____

SHORT TITLE New School District Petition Requirements SB 219/SECS

ANALYST Gudgel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Education Committee Substitute for Senate Bill 219 amends the Public School Code to change the process for petitioning to create a new school district. The bill gives the Public Education Department the authority to create a new school district if at least 10 percent of the registered voters residing within the geographic area sign a petition in favor of creating a new school district.

FISCAL IMPLICATIONS

The Public Education Department reports the changes in the bill will not affect the department, but that the creation of a new school district under the relaxed provisions of this bill will have significant financial consequences that cannot be readily quantified. Financial consequences include the creation of an additional school board, additional central office staff and necessary infrastructure.

SIGNIFICANT ISSUES

The bill changes one of three instances in which the Department of Public Education can order the creation of a new school district. Under the bill, the Secretary would be able to create a new school district if at least 10 percent of the registered voters who reside in the precincts that wish to be part of a new school district sign a petition in favor of creating a new district. Currently, 60 percent of the registered voters residing in the precincts that wish to be part of a new school district must submit a petition in favor of splitting – the 60 percent requirement is being decreased to 10 percent.

The bill has the effect of making it much easier for a new school district to be created. If the 10 percent threshold is met, current law mandates that the Secretary of PED would conduct a public hearing to determine the following three things:

- The existing and new school district will each have a minimum student membership of 500;
- Each school district will have a high school unless an exemption is granted by PED; and
- Creating a new school district is in the best interest of public education in both districts and in the state.

An Attorney General opinion issued January 7, 2010, states the following:

- The Secretary has the authority to order a school district to convey realty located in the proposed boundary of the school district to a new school district. Thus, the AG believes the Secretary has the authority to order a school district to convey by deed all right, title and interest in school-owned realty located in the proposed boundary of the new school district to the district.
- The school district that incurred any indebtedness related to liens, mortgages and encumbrances, the school district that incurred the indebtedness would remain responsible for the debt on the transferred property. General Obligation Bonds are not affected when school districts change, and therefore the indebted district retains the debt.

ADMINISTRATIVE IMPLICATIONS

The department will have to amend rules to conform to these changes. Currently the department is responsible for providing oversight and technical assistance to 89 school districts and 81 charter schools. This bill has the potential to create an additional school district the department will have to oversee and provide technical assistance to.

OTHER SUBSTANTIVE ISSUES

This bill presumably is in response to the desire of some Westside Albuquerque residents to create a new school district.

On June 2, 2010, former Secretary of Education Garcia issued a letter to Albuquerque Public Schools stating that the department was neither recommending nor denying approval of the creation of a new Westside School District. The Secretary indicated that she was not clear that the request represented the wishes of a majority of the Westside community. She was presented

with a petition with 72 signatures, followed by an additional 2,000 signatures, far fewer than the 60 percent requirement. She further indicated that the input she received was mixed on the merits of a new Westside District, and concerned that the boundaries of the proposed Westside District precluded some Westside high schools.

The Secretary also noted that financial benefits of economies of scale with a district of the size of APS cannot be denied, and the timing of a decision to create a new Westside District would not be in the financial interest of APS, the Westside, or the State of New Mexico. The Secretary did, however, suggest that the community may want to work with Legislators to draft legislation that would make the creation of a new district based on the will of the community more easily attainable.

APS reports more than 393,000 registered voters in the district. Only 10 percent of those voters registered in the precincts that want to split from APS would have to sign a petition in favor of splitting.

Over the past several years the LFC has recommended eliminating duplication of administrative costs, and taking advantage of economies of scale. It is unclear at this time why it is necessary to make the process to create a new school district much easier than it already is. It is clear from the petition submitted to former Secretary Garcia that a majority of the community either did not support creating a new Westside district or was not invited to sign the petition.

RSG/mew