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FISCAL IMPACT REPORT

SPONSOR <u>Rehm</u>	LAST UPDATED _____ ORIGINAL DATE <u>1/30/23</u>
SHORT TITLE <u>Public School Redistricting</u>	BILL NUMBER <u>House Bill 85</u>
ANALYST <u>Helms</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$2,888.1 - \$5,000.0	\$2,888.1 - \$5,000.0	\$5,777.6 - \$10,000.0	Recurring	Additional administrative costs within Public School Funding Formula

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Responses Received From
 Public Education Department (PED)

SUMMARY

Synopsis of House Bill 85

House Bill 85 (HB85) establishes a new section in the Public School Code requiring any school district with more than 40 thousand students to divide into two or more districts. The district would have two years to redistrict, the Public Education Department (PED) would be required to promulgate rules for these procedures, and the department would establish a task force to assist with and report on various aspect of redistricting. As the bill does not state an effective date as it stands, it would be effective beginning in FY24.

FISCAL IMPLICATIONS

This bill would apply only to Albuquerque Public Schools, which has 69 thousand students as of December 2022. The next-largest school district in New Mexico is Las Cruces with nearly 24 thousand students as of December 2022. Overall costs to redistribute public school funding formula funds to a new district would not change insofar as student membership did not change; however, there would ostensibly be fewer resources allocated to students, as the new district's public school funding formula distribution would utilize the same set of membership-dependent

funds to cover costs for a new set of district-level administrators including a superintendent, potential curriculum and instruction staff, and potential district and operations staff. Albuquerque Public Schools currently spends at least \$3.7 million per year for non-principal and district level administrative staff for schools, with at least \$1.5 million additional funds going towards district-level or multi-school coordinating staff for finance, operations, and curriculum.

Transferring educators and personnel, distributing property, and making determinations on the school board would incur costs to both the old and new districts. There are also costs in holding a new election for a new school board.

PED analysis compares a redistricting of Albuquerque Public Schools with a redistricting of the Joran School District in Utah in 2007, which had 77 thousand students compared to Albuquerque Public School's 69 thousand. Data from the National Council of State Legislatures found at the time, total costs incurred reached \$40.5 million for the new district, which was largely spent on establishing new central offices, legal costs, and hiring new personnel, in addition to other administrative and logistics costs.

PED analysis notes members of the task force who would be responsible for assisting a school district with its redistricting plan and who are not already local school board members or public employees would be entitled to receive per diem and mileage pursuant to the provisions of the Per Diem and Mileage Act. Subsection F of the bill would allow PED to contract for services with experts in the areas of school district redistricting, taxation, and other specialties necessary for the study.

SIGNIFICANT ISSUES

Currently, the public school code allows PED to order the creation of a new school district under only three circumstances:

- Receipt of a resolution from the school board of the existing district requesting the new district;
- Upon review of the local school board and receipt of a petition bearing signatures from 60 percent of the registered voters within the geographic area of the proposed district; and
- Upon the Secretary of Public Education's recommendation with PED's determination that the new district would have a minimum membership of 500, include a high school program, and be in the best interest of public education in both the existing and proposed districts.

A legislative requirement for creating a new school district would change these procedures. PED analysis notes a new school district was last created in New Mexico with the formation of Rio Rancho Public Schools (RRPS) in 1994. The Rio Rancho community had campaigned for the change, and it was approved by both APS and Jemez Valley Public Schools (JVPS), rather than a change in redistricting taking place due to legislative requirement.

PED analysis adds:

“Logistical and legal considerations are not the only important issues to be considered with this bill. Reorganization could result in some students and families being located within a new district without teachers, faculty, and administrators with whom they may

have built valued relationships. Transportation times and costs may change. School-level student growth and achievement factors, as well as graduation rates, may be impacted by the reorganization of student cohorts. Any work done to reorganize school districts into smaller units would be well served by substantial community involvement.”

For students, it is unclear what benefit is gained from redistricting Albuquerque Public Schools, given the possibility of administrative and logistics costs, in addition to hiring new personnel. According to an April 2022 evaluation of APS, graduation rates in Albuquerque Public Schools (not including charters) are higher than state averages, and their college-going rates are slightly above state averages.

ADMINISTRATIVE IMPLICATIONS

HB85 would create significant additional administrative work for PED and for the current staff at APS in establishing a new district and a new school board, in hiring administrative staff and reallocating personnel, and in logistics of distributing supplies and property.

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