

**STATE OF NEW MEXICO**  
**LEGISLATIVE EDUCATION STUDY COMMITTEE**

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May 25, 2011

**MEMORANDUM**

**TO:** Legislative Education Study Committee

**FR:** Peter B. van Moorsel

**RE: STAFF BRIEF: SM 70, RURAL ISOLATION UNITS STUDY**

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Passed by the Senate during the 2011 legislative session, Senate Memorial 70, *Rural Isolation Units Study* (see Attachment), requests that the Legislative Education Study Committee (LESC) study the provisions in the *Public School Finance Act* as that provide for senior high school size units and rural isolation units. Specifically, the memorial requests that:

- the LESC study these aspects of the public school funding formula as they pertain to the Gallup-McKinley County School District, which reportedly lost approximately \$1.8 million worth of rural isolation units from school year 2009-2010 to 2010-2011; and
- the study of these factors determine whether there is a need for a hold-harmless provision to minimize drastic fluctuations in funding for the Gallup-McKinley County school district.

**Background:**

Current law provides that "A school district with over 10,000 MEM with a ratio of MEM to senior high schools less than 4,000:1 is eligible for additional program units based on the number of approved regular senior high schools that are not eligible for senior high units[.]"

The number of additional program units to which an eligible school district is entitled under this subsection is the number of units computed in the following manner:

$$UNITS = 4000 - \left( \frac{MEM}{\# \text{ of High Schools}} \right) * 0.5$$

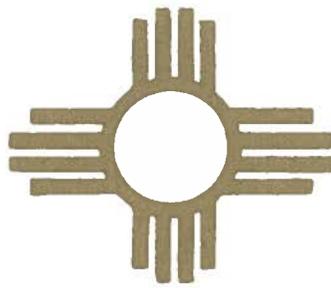
Historically, Gallup-McKinley County Schools has been the only school district that has qualified for these types of units. However, between school years 2009-2010 and 2010-2011 the number of rural isolation units that the district generated did indeed decrease, as is shown in the table below:

School Year	Isolation Units	Final Unit Value	Program Cost
2009-2010	501.0	\$3,792.65	\$1,900,117.65
2010-2011	29.2	\$3,712.17	\$108,426.30
Difference	-471.8	(\$80.48)	(\$1,791,691.35)

A preliminary analysis by LESC staff of the district’s demographics and structure indicates that the reduction in units may have resulted from a decrease in the number of eligible high schools (those that do not receive senior high school size units).

If the committee elects to include SM 70 in its 2011 Interim Workplan, LESC staff will provide a written report outlining:

- the cause of the decrease in the number of rural isolation units;
- the net effect of the changing structure and demographics of the Gallup-McKinley County school district on units and program cost; and
- the relevance of the rural isolation factor, given the changing structure of the school district.



The Legislature  
of the  
State of New Mexico

50th Legislature, 1st Session

LAWS 2011

CHAPTER \_\_\_\_\_

SENATE MEMORIAL 70

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Introduced by

SENATOR LYNDA M. LOVEJOY  
SENATOR GEORGE K. MUÑOZ  
SENATOR CYNTHIA NAVA  
SENATOR JOHN PINTO



1 A MEMORIAL

2 REQUESTING THE LEGISLATIVE EDUCATION STUDY COMMITTEE TO STUDY  
3 THE PROVISIONS OF LAW GOVERNING THE RURAL ISOLATION UNITS  
4 PROVIDED THROUGH THE PUBLIC SCHOOL FUNDING FORMULA.

5  
6 WHEREAS, the Gallup-McKinley county school district is  
7 one of the largest of New Mexico's school districts,  
8 sprawling across the Navajo Nation one hundred fifty miles  
9 long and ninety miles wide; and

10 WHEREAS, the school district is only the fifth-largest  
11 school district in terms of students, and eighty-five percent  
12 of its twelve thousand students are Native American; and

13 WHEREAS, since 1976, the Gallup-McKinley county school  
14 district has received rural isolation units in the size  
15 adjustment unit calculation of the public school funding  
16 formula, also known as the "sparsity factor"; and

17 WHEREAS, the sparsity factor provides additional program  
18 units for the school district based on the number of approved  
19 regular senior high schools that are not eligible for small  
20 school size adjustment; and

21 WHEREAS, the number of approved senior high schools in  
22 the school district not eligible for senior high size units  
23 decreased from four to three in the 2010-2011 school year,  
24 and the school district lost one million eight hundred  
25 twenty-nine thousand one hundred sixteen dollars (\$1,829,116)

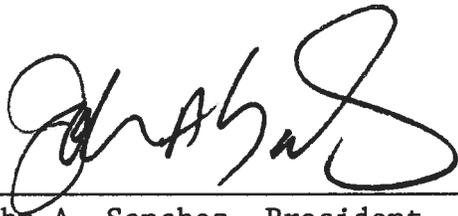
1 in rural isolation units for that year, which drastic loss of  
2 revenue, on top of the unit value reduction shared by all  
3 school districts, will likely mean severe budget cuts in  
4 school year 2011 that will go deep into classrooms and  
5 frustrate efforts to improve student achievement;

6 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE  
7 STATE OF NEW MEXICO that the legislative education study  
8 committee be requested to study the law and the funding  
9 formula calculations for small school size adjustment and  
10 rural isolation units and the need for a hold-harmless  
11 provision to minimize such drastic fluctuations in funding  
12 for the Gallup-McKinley county school district; and

13 BE IT FURTHER RESOLVED that the committee report its  
14 findings and recommendations to the appropriate interim  
15 legislative committee by December 1, 2011; and

16 BE IT FURTHER RESOLVED THAT copies of this memorial be  
17 transmitted to the director of the legislative education study  
18 committee, the public education department and the  
19 Gallup-McKinley county school district. \_\_\_\_\_

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John A. Sanchez, President  
Senate



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Lenore M. Naranjo, Chief Clerk  
Senate