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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/18/2007

SPONSOR Park LAST UPDATED \_\_\_\_\_ HB 500

SHORT TITLE Reduction in School Class Sizes SB \_\_\_\_\_

ANALYST Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$150,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 558  
Relates to appropriations in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Education Department (PED)  
Office of Education Accountability (OEA)

### SUMMARY

#### Synopsis of Bill

House Bill 500 appropriates \$150 million from the general fund to the Public Education Department for distribution through the state equalization guarantee to support class size reductions.

### FISCAL IMPLICATIONS

The appropriation of \$150 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

### SIGNIFICANT ISSUES

HB-500 provides for the following maximum class sizes:

- Kindergarten shall not exceed fifteen students and any teacher with a class load of ten to fifteen shall be entitled to a full-time educational assistant.
- Grade one with a class load of twelve or more shall be entitled to a full-time educational assistant.
- Grade two through five shall not exceed a class load of fifteen students.
- Grades six through eight shall not exceed eighteen per class with a maximum teaching load of ninety students.
- Grade nine through twelve shall not exceed twenty-four students per class with a maximum teaching load of one hundred and twenty students.
- Students receiving Special education in a regular classroom for any part of the day shall be counted in the calculation of the individual teachers class load. Students not receiving services in a regular classroom shall not be counted in the individual class load.

HB-500 also makes provisions for the Secretary of Education to grant waivers to class size requirements if school districts demonstrate there are no portable classrooms available; no other available sources of funding exist to meet its need for additional classrooms; the school district is planning alternatives to increase building capacity for implementation within one year; and the parents of the students affected by the waiver are notified. Waivers are applied for annually, and a waiver shall not be granted for more than two consecutive years.

The Office of Educational Accountability notes that HB-500 changes the current language in Section 22-10A-20 NMSA 1978 from “average” class load requirements to actual numbers of students per class per grade level. Currently, schools achieved compliance in class load requirements because the word “average” in the legislation allowed for flexibility in building class rosters. For example, in a school that has five first grade classrooms, four second grade classrooms, and five third grade classrooms the first grade classrooms may have 15 students each for a total of 75 students, the second grade classrooms may have 23 per classroom for a total of 92 children, and the third grade classrooms may have 19 per classroom for 95 students. The second grade classrooms class size limits are over the state requirements, but averaged together the school would meet the current requirements of 20 students per class.

OEA further notes by removing the ability to average student counts the legislation will take the flexibility away from building principals in how class rosters are constructed based on number of students enrolled at each grade level. For example, if a small school has 35 kindergarten students and two kindergarten teachers, under HB-500, the principal would have to employ 3 kindergarten teachers even though the number of students would not support an additional FTE.

In 2003, the Public School Capital Outlay Council implemented a new standards-based process for prioritizing public school capital needs in New Mexico. This process ranks every school building in the state by relative need, from greatest to least. The rankings are based on nine different categories with differentiated weights. Categories of higher importance are weighted higher, which push those projects to a higher priority on the list. The highest weighted category is Life, Health and Safety and the second highest is Space. Implementing the requirements of this bill may not cause any changes in these rankings because schools are measured on total student population and total square footage; this bill will not change either of these factors. However, it is possible the majority of schools that currently meet capacity requirements, and probably those that are overcrowded, will need additional classrooms to meet the new required pupil-teacher ratio (PTR). Portable classrooms may be a potential short-term solution.

**TECHNICAL ISSUES**

In elementary schools that have sixth grade students, will the same maximum class size requirement of 15 students apply?

PA/nt